Guidelines for Successful and Sustainable Involvement of ISMEs in Southern Africa Agribusinesses

Final Report

April 1996

Not for quotation, reproduction, or distribution

Prepared for
United States Agency for International Development
Bureau for Africa
Office of Sustainable Development
Productive Sector Growth & Environment Division
Contract No.: AEP-5457-C-00-3061-00
Project No.: 936-5457

Prepared by
Charles Stathacos
Carol Adoum

TABLE OF CONTENTS

TABLES

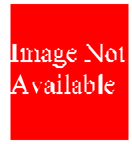
APPENDIXES


Image Not
Available

List of Acronyms

AEF	**African Enterprise Fund**
AMIS II	**Agribusiness Marketing Improvement Strategies Project II**
APAP	**Agricultural Policy Analysis Project**
APDF	**African Project Development Facility**
ATPRP	**Agricultural Trade Policy Reform Project**
CDIE	**Center for Development Information and Evaluation**
DRC	**Domestic Resource Cost**
FAO	**Food and Agriculture Organization**
GEMINI	**Growth and Equity through Microenterprise Investments and Institutions**
GVCF	**Ghana Venture Capital Fund**
IFC	**International Finance Corporation**
ISME	**Indigenous and Small and Medium Enterprise**
ITC	**International Trade Center**
MAPS	**Manual for Action in the Private Sector**
NGO	**Non Governmental Organizations**
PEDS	**Private Enterprise Development Support Project**
RA	**Rapid Appraisal**
UNIDO	**United Nations Industrial Development Organization**
USAID	**United States Agency for International Development**
VCC	**Venture Capital Country**


Image Not
Available



Guidelines for Successful and Sustainable Involvement of ISMEs in Southern Africa Agribusinesses - with Special Emphasis on Financial and Technical Services

Objectives

The purpose of this paper is to a) identify documents and reports which can provide insight or specific examples of successful approaches for stimulating and supporting Indigenous Small and Medium Enterprise (ISME) development in agribusiness, emphasizing financial and technical services, and b) to the extent possible extract from these documents lessons learned, implications, and issues that will help accomplish the objectives of the Operational Constraints/Financial Services activity. Section 1.0 addresses the question of how donors identify and prioritize high opportunity agribusiness sub-sectors. Section 2.0 reviews relevant studies or activities related to operating constraints analyses, paying particular attention to the enabling environment, and managerial and technical capacity. Section 3.0 covers financial constraints, the role of financial intermediaries in agribusiness development, positive and negative experiences, lessons learned, and implications regarding intermediary selection and management. The paper provides guidelines for the AMIS II field researchers assigned to conduct an analysis on sub-sector opportunities and operating constraints for IMSE agribusinesses in Tanzania, Mozambique, and Angola.

Methodology

The paper draws on a document search conducted by CDIE, ongoing work under AMIS II, and previous work under AMIS I that reviewed agribusiness development. Other USAID-funded work that is relevant includes the PEDS project (Phases II and III) which conducted MAPS activities in Sub-Saharan Africa to identify constraints on businesses operations in selected African countries. PEDS is presently working on trade and investment promotion in Southern Africa. In the area of finance, Ohio State University (OSU) has conducted significant research on financial market development in Sub-Saharan Africa. The GEMINI project has significant experience with financial considerations for micro enterprises and small businesses.

Other donors such as the World Bank and the regional development banks are rich sources of information due to their significant investments in agribusiness development. More recently, World Bank financed studies on agricultural diversification and non-traditional exports provide lessons on financial and technical constraints on small-scale enterprises. The World Bank/IFC has targeted assistance to small and medium scale enterprises in Africa through the African Enterprise Fund (AEF) and the African Project Development

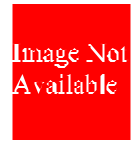
Facility (APDF). The United Nations has supported small and medium-scale agribusiness in developing countries through the FAO (agricultural credit and marketing services), UNIDO (agro-industry development and investment promotion), and the ITC (market information services).

This document provides a brief desktop overview of examples of lessons learned in agribusiness develoment, with the expectation that this will guide the AMIS II field team on identifying and prioritizing agribusiness sub-sector opportunities, constraints and appropriate financial intermediaries. It is not an exhaustive study, but does include an extensive list of relevant documents.

1.0 Identifying High Opportunity Subsectors

The process by which high opportunity subsectors are identified depends largely on the nature and motivation of the organization conducting the analysis, whether a government agency, a donor, or a private sector firm. Government agencies or donors that are funding agribusiness support projects or programs allocate investments in specific sub-sectors. The decision-making process may involve a series of in-depth economic, social, and technical studies that are used to assist the national governments in formulating annual development plans with targets for growth, and in some cases, improved social indicators. Donors can use these sectoral analyses (e.g., a descriptive study of the agribusiness sector) to determine the comparative advantage of the highest potential subsectors. The actual methodology used depends on the particular donor or agency and the requirements of its respective project cycle process. Generally, a USAID country strategy provides sectoral information (or refers to sector specific studies), which can be used to identify high potential subsectors. However, since the approaches used by donors vary according to institutional priorities, requirements, and mandates, the field team should first consult with the USAID Mission agricultural development officer and collect any agribusiness related studies that are available (including those conducted by other donors). Many of the older AID-funded studies can be retrieved through CDIE, but field teams will likely find more recent ones only by interviewing locally-based professionals in-country. In sum, there is much more documentation on conducting systematic studies of specific subsectors, than actual guidance on the initial identification of one or a few high potential subsectors from among others with less potential.

Sector-wide comparative advantage studies conducted on multiple commodities within a country, and which identify high potential crops, often rely on rigorous economic approaches such as the Domestic Resource Cost (DRC) analysis. DRC analysis determines the comparative advantage of producing particular crops, but it is an economic approach that is static, not very prescriptive and more oriented to comparative advantage in production rather than viability from a business or marketing perspective. DRC



indicates where policy distortions are masking an otherwise profitable sector and is used by USAID and the World Bank to inform policy analysis and dialogue in the formulation of country strategies.

More often, a particular subsector is identified as high potential due to "common knowledge" or "conventional wisdom" on the part of a government; it may be backed by some basic data or descriptive statistics on marketing and prices for a particular commodity. A high potential subsector may also be one that the private sector itself knows has highly marketable output, often based on a historical demand for the product that may have declined due, for example, to repressive regulations, policies, or irregularity of supply that discouraged foreign buyers. The private sector may also know that there is unsatisfied demand currently existing for some commodity, making it high potential, but be unable to respond to the market signals due to a variety of constraints that seem insurmountable without some consolidated effort to overcome them.

Market surveys are the approach used by the private sector to analyze subsector opportunities and begin the process of identifying potential targets for investment. The survey begins with a review of basic information on trends in volume and prices, regional level (or international) demand for a variety of commodities, production (e.g. capacity/volume of supply) information on the commodities, infrastructure capacity, geographic advantages in production, competition, substitute products, and fluctuations in demand for the commodities being surveyed. The analysis then focuses on potential profitability for the subsectors that appear to have the greatest potential. In the Africa context, the analysis should include significant attention to the regulatory and tax environment, as well as reviewing non-tariff barriers. While the analytical procedure will be the same no matter which subsector is eventually the target of investment, the impact of regulations and taxation policies may vary from subsector to subsector, depending on the costs of production, transport, marketing, processing, and so on. More information on this topic is located in Section 1.1 under "Market Surveys".

1.1 <u>USAID</u>

USAID typically conducts sector analysis in agribusiness by utilizing experts through projects such as AMIS, APAP, GEMINI (now MICROSERVE), PEDS, or IQCs which send teams to the field to conduct market studies, background studies, subsector-specific survey work, or technical analyses. In addition to its agriculture-specific projects, USAID has indirectly supported agribusiness through its private sector development programs. For example, the MAPS project conducted a series of surveys of small and medium scale businesses in 13 African countries, interviewing over 3,800 firms, and identifying opportunities and constraints facing small private enterprises in Africa. The MAPS approach, which consists of a seven phase process, is far broader than agribusiness:

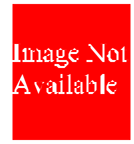
1. Define current AID mission strategy.
2. Describe the local private sector.
3. Diagnose opportunities and constraints to private sector growth.
4. Dialogue with private sector (Chambers of Commerce, special group interviews, focus groups).
5. Design AID private sector strategy.
6. Develop new programs and projects.
7. Debrief and evaluate.

The MAPS methodology emphasizes both survey and follow-up focus groups, and AID can use the results to help in the early stages of identifying high potential subsectors. One of the important conclusions of the MAPS activities was the need to improve the enabling environment (particularly reform of commercial policies). While private sector support programs such as MAPS are generally not sector-specific, agribusiness is often an important focus, especially where agriculture represents a significant share of GNP and employment. They provide a knowledge base of agricultural activity from which agribusiness specialists can analyze the variety of crops and level of industrialization available, and begin the process of isolating the more attractive subsectors for investment. This process, for which information from MAPS can be a useful input, is described below under "Market Surveys". For Southern Africa, MAPS activities have been conducted for Swaziland, Lesotho, Madagascar, and South Africa. Recently, under PEDS III, USAID has contracted with a firm to provide guidance on the process and criteria used to identify high potential agribusiness sub-sectors. The work is still in the early stages and no documentation is available.

Rapid Appraisals

In contrast to the broader private sector development programs, USAID support for agriculture has relied more on the subsector or case study approach to examine the potential for developing specific agricultural products. A number of papers review the experiences, lessons learned and issues in applying this methodology.

The AMIS I project conducted rapid appraisals, either via commodity subsystem analyses, market system overviews, or agribusiness opportunity analyses that identified high potential subsectors requiring further support in the form of project design (Bolivia, Nepal, Tunisia, Morocco, Kenya, Niger), policy reforms (Tunisia, Chad, Niger, Sahel Regional), or the promotion of firm/trade association linkages (Bolivia, Philippines, Madagascar, and Niger). According to Holtzman (1993), a rapid appraisal is conducted to sharpen problem diagnosis or to identify opportunities more clearly, and USAID missions can follow up on AMIS analysts' policy recommendations, using RA findings as an effective input into policy dialogue.



In addition, USAID missions use rapid appraisals to assess promising commodity subsector systems, either for significant export potential or as opportunities for private agribusiness investment. Because the rapid appraisal methodology focuses on a subsector or set of related subsectors, it is limited in its ability to cover a wide range of commodities that may be unrelated. However, a series of rapid appraisals can be conducted that target several different subsector systems. As mentioned above, the RA is particularly useful in identifying constraints to a specific subsector's growth, once the subsector to be targeted has been identified. Neverthless, through application of the rapid appraisal methodology, high opportunity subsectors have been identified in Southern Africa, including the dried bean and spice/essential oil subsectors in Madagascar, the horticultural subsector in Zimbabwe, and the maize sub-sector in Zambia. AMIS I & II have conducted a number of country studies which sought to identify private agribusiness operators' needs more effectively and to prescribe what could be done to meet these needs. Appendix 1 provides guidance in conducting RAs, with additional information available from Operational Guidelines for Rapid Appraisal of Agricultural Marketing Systems by John Holtzman, 1993.

Market Surveys

Variations of the market survey approach have been used in a number of countries by donors or their consultants knowledgeable about business plan development. In Chad, for example, a reconnaissance study was conducted under the Agricultural Trade Policy Reform Project (ATPRP) to identify commodities currently being exported, identify commodities with potential for export, and evaluate the unmet demand, as well as the operational constraints limiting the ability to meet the demand for these commodities. A list of the 7 or 8 commodities with the most potential for export growth was developed and each commodity was rated on a variety of factors (see Item #6 below). The top three commodities were then chosen for further study and analysis.

To form the initial list of commodities, the team first conducted an analysis of customs records in the capital, listing reported exports through the major trade points with neighboring countries and internationally. Where commodity studies had been conducted by donors, the team reviewed and analyzed them as part of the set of data that was gathered to form a list of subsectors that might be of interest. They also met with members of the Chamber of Commerce, conducting one-on-one interviews with a range of traders and agribusiness managers (focus groups tend not to work well with traders who are reluctant to share market information and insights in the presence of their competition). The team then visited the border towns having the largest flows of commodities, and interviewed both customs officials and transporters moving goods through the region, spending approximately 2 days per town. Finally, the team visited several major hubs of export in neighboring countries, conducting limited surveys and one-on-one interviews with buyers in these regions (for the internationally traded goods, for this initial survey, the team had to rely largely on

interviews with the key exporters, and information collected from the Chamber of Commerce, the customs offices, the Ministry of Commerce and Ministry of Agricultural statistical records). Throughout the data collection period (which lasted approximately 2 months and which was carried out by a team of 3 expatriate agribusiness exports and 3-4 Chadian researchers), the team gathered information about the competition, the levels of demand, consumer preferences, prices and price competitiveness, infrastructural barriers, and so on (lists of market survey data and questions can be found in any business plan guide). As mentioned in Section 1.0, the commodities were then ranked according to a series of criteria (see Item #6 below) to determine the priority for further study and support. The project then focused its activities on the top three commodities.

The limitation of the market survey methodology is that it can only identify currently active subsectors, or those that have been exploited in the past. Opportunities of which the producer and marketing population are unaware will go unexplored, unless the team members have specialized knowledge of particular commodities that may be available in a given country, but which are currently unexploited.[1] This tendency will be particularly true for those commodities that are not generally used for local consumption, but which may have uses known in international circles. A critical element of building a team that will conduct such reconnaissance studies and market surveys is to include experts with specialized knowledge in areas that the study sponsor feels may have untapped potential (i.e., food ingredients, spices and oils, pharmaceuticals, herbal and health foods).

Once a sub-sector is identified, the rapid appraisal technique is a practical tool for examining the constraints and opportunities for the priority commodities being examined. (See Operational Guidelines for Rapid Appraisal of Agricultural Marketing Systems).

Other Methods

In addition to rapid appraisals, AMIS I conducted subsector-specific case studies, one in Thailand and one in Chile, that reviewed the historical, economic and institutional factors underlying the success of fruit and vegetable exports. Chile is an interesting case because the identification of the high potential of the fruit and vegetable subsector resulted from private sector interest in the 1970s in investing in the sector combined

For example, in Chad, a high value subsector has gone unrecognized for years, and only recently came to the attention of the private sector. An American pharmaceuticals expert heard about Lake Chad's environment and felt that it might be a good source of high-protein algae. He visited the site in 1992, found that the algae was of very high quality with a high level of scarce amino acids, and interest in this commodity as a high value export has grown by leaps and bounds. Without his chance perusal of an environmental assessment of various parts of Africa, however, this subsector could have gone unnoticed for decades.

with financial and technical support provided by the public sector. There was no specific methodology or systematic approach utilized, except the general knowledge in the 1950s that Chile had comparative advantage in two sectors -- mining and agriculture -- and fruit and vegetable exports represented a target of opportunity for many small and medium-scale enterprises. Once the high potential sector was identified, success was achieved by strong technical institutions devoted to agriculture in both the public and private sectors with clearly defined roles and interrelationships. Availability of financial resources from the central government, aided by external donors, and a flexible commercial banking structure effectively channeled these funds to the private sector. The lessons learned from Chile are that public-private collaboration can build a powerful platform for exploiting opportunites and developing viable agribusinesses. In identifying high potential subsectors, particular attention should be paid to priorities shared by both private sector businesspeople (i.e., their motivation to invest) and public sector agencies (i.e., their willingness to support).

1.2 World Bank/IFC

While the World Bank does not have a specific methodology for identifying high potential subsectors, it gathers important economic and financial information as part of its country strategy process, producing country economic memoranda and sector specific industry studies (see Mozambique: Impediments to Industrial Sector Recovery, which includes a chapter on the cashew industry subsector). The Bank identifies issues and policies that affect the development of high potential regions or subsectors and provides loans on the basis of requests from governments. Its sector program lending is based on a country's ability to meet conditions precedent of loans by implementing policy reforms. The Bank leaves decisions on identification of high potential subsectors to the private sector, and as a result of a new disclosure policy, now provides sector reports (previously restricted) to the private sector to enhance decision making on trade, investment and marketing.

The Bank's affiliated organization, the International Finance Corporation (IFC), provides direct support to private sector companies, either in the form of loans, equity investment, or technical assistance. These programs are relevant to agribusiness development and target small and medium scale enterprises. The IFC identifies profitable projects for its portfolio based on business plans presented by entrepreneurs, rather than identifying high potential subsectors itself. However, the experience of the IFC in agribusiness development in Southern Africa can guide the identification of high potential subsectors. In some cases, the IFC identifies high opportunity subsectors by conducting special country studies (e.g., agribusiness in South Africa), carrying out promotion missions by IFC technical staff, and seeking client references from the business community. Food and agribusiness ventures comprise approximately 16 percent of the IFC's portfolio.

One IFC supported initiative, the Africa Project Development Facility (APDF) assesses opportunities for entrepreneurs, and assists them to evaluate and present their opportunity to financiers. APDF is a joint initiative by the African Development Bank (AfDB), the International Finance Corporation (IFC), and the United Nations Development Program (UNDP). APDF was established in 1986 and provides project advisory services to African entrepreneurs, assisting in opportunity assessment/ feasibility study completion, business plan preparation, and the identification of potential investors. Private entrepreneurs request APDF services such as market surveys, feasibility studies, assistance with preparation of a business plan, and identification of financing, that are provided based on a cost-sharing arrangement. APDF has also assisted African entrepreneurs to expand existing businesses and to acquire local companies from foreign shareholders or privatizing parastatals. Between 1986 and 1992[2], 53 percent of the projects assisted, out of a total of 233, were in agro-industry. There is an APDF office in Harare which is a source of information on agribusiness development in the Southern Africa region. The field team should visit the IFC offices in Harare and Johannesburg to interview staff on high potential subsectors and agribusiness project opportunities.

1.3 <u>Guidelines for Identifying and Prioritizing High Potential Subsectors</u>

Although specific methodological guidance is scarce, some suggested steps for selecting high opportunity subsectors are listed below.

1) **An overview study should be conducted by consultants having expertise in a variety of agri-based subsectors**. As mentioned earlier, a market survey will collects data on *currently exploited commodity opportunities,* but will not identify any opportunities for marketable commodities that are not locally recognized. Thus, it is critical to form a team of individuals with expertise in a broad range of agricultural commodities such areas as food ingredients, spices and oils, herbal and health foods, etc. These individuals must also gather other information about commodities and "gathered crops" that might be marketable. This aspect of the review can be accomplished by collecting production information on the plants and herbs available in the country, from private sector sources, from entities that conduct research, and from the local Ministry of Agriculture/Forestry equivalent. It is also important that the experts have the opportunity to view markets in various parts of the country that may display different products used locally, but that traders are unaware may have international potential.

The Africa Project Development Facility, *Report on Operations for the 12 Months Ended December 31, 1992*, The World Bank Group.

2) **Conduct a review of currently exported crops.** This part of the overview study should include discussions with local Chambers of Commerce, traders/business associations, analysis of customs documents, discussions with shipping/freighting services, discussions with the Ministry of Agriculture and/or Ministry of Commerce, and especially discussions with existing agribusinesses and entrepreneurs, and travel to border towns or utilization of local researchers to collect observational data on commodities actually passing over country frontiers, particularly if customs data are difficult to get or particularly unreliable.

3) **Conduct a review of currently imported food items.** The overview study should include research on imports, both processed and raw. It is likely, in Africa, that many imported food items will be processed (e.g., canned tomatoes), and that some import substitution or replacement opportunities exist for agribusiness investment. Raw agricultural products may also be imported, and may be competing with locally produced commodities. The overview study should include an initial analysis (along the lines laid out below) that gives an indication as to the reasons for the imports (e.g., consumer preferences, price, availability, infrastructure limitations).

4) **Collect data on kinds, quantities, and destinations of commodities exported (or imported).** The data gathered will consist of lists of actual commodities exported, and should cover a span of 10 years, or information gathered at five-year intervals, since some marketable commodities may have fallen prey to unstable country conditions, poor world prices, and unfavorable economic conditions that led to the downfall of a previously profitable subsector. Destination is important for evaluating the different kinds of demand for the product: is it a regionally traded product, or is it competing on the international market?

5) **Information regarding the consumption/demand for these products should be gathered.** While not to be confused with a full-fledged one-product market survey (also referred to as a feasibility study, subsector or commodity assessment), some indicative data must be gathered about the market potential for these crops. For regionally traded commodities, the team could make quick trips to 3-4 major trade hubs or destination markets to collect data regarding volume of consumer demand, consumer preferences, and pricing factors. For internationally traded commodities, the consultants should consult trade data banks, and conduct calls to brokers or processors/end-users to develop an initial profile of demand factors. Information should be collected for major markets in Europe, the Middle East, North and South America, and Asia.

6) **Commodities should be rated according to a set of pre-established indicators.** The indicators are initial ratings that, again, should not be confused with information gathered in a

feasibility study or a subsector assessment. The purpose of this rating is to broadly indicate the relative importance or potential of a commodity versus the others identified in the overview study. Indicators such as the following might be used, but will also depend on the sponsor's objectives (i.e. are they able to invest in a program that addresses an entire commodity chain, or are they interested in targeting 2-3 specific small agribusiness activities):

- Current production volume
- Potential production volume
- Constraints to production
- Historical and current volume by market (local, regional, international)
- Use profile (raw vs processed)
- Projected market demand indications (local, regional, international)
- Opportunities for value-added
- Competitors/competitive advantage
- Constraints (policy, tariff, production, other)
- Investment/program input needs to subsector (both private sector and government needs, depending on sponsor objectives)
- Environmental issues/impacts

These comparative ratings are conducted in order to isolate the 2-3 commodities having the most potential for future investment. This analysis should be followed by indepth market surveys (feasibility studies or subsector assessments) conducted for each high-ranking commodity for potential investment programs.

2.0 Constraints on Agribusiness Development

There are several main categories of constraints on agribusiness development: weak enabling environments, limited financing options, impediments to market access, and weak management skills and technical services provision.

The enabling environment includes the policy, infrastructural and institutional framework under which firms must operate. Constraints in the enabling environment are typically related to fiscal and monetary policies, legal policies, trade policies, commercial policies, sector-specific regulations, and even product-specific grades and standards. Infrastructure is a particularly limiting factor in many parts of Southern Africa, with constraints including poor communications facilities, unreliable and costly utilities, nonavailability/regularity of energy supply, and poor transportation infrastructure (roads, ports, vehicle fleet). Public institution problems include issues related to legal/judicial institutions and their objective enforcement of legislation, outdated legislation, complex and bureaucratic government procedures for business start-up and operation, and sometimes heavy-handed public intervention in markets for "social good" objectives.

Market access constraints include the information infrastructure in a country, generally the lack of accurate, recent knowledge of commodity supply, market prices, demand information, and trends, and the lack of private sector institutions and services, such as insurance companies, warehousing or cold storage facilities, internationally recognized grading facilities, and so on. Market access also involves having a level playing field, including the presence of parastatals, monopolies, market boards, and so on, that may impede equal participation in the market by private business entities.

Managerial and technical constraints concern the capacity to successfully run a business and make it grow. Finally, financial constraints pertain to access to investment and working capital as well as the condition of financial markets with the country. Financial considerations are addressed separately in Section 3.0.

2.1 Enabling Environment

A number of African countries have made progress on creating an enabling environment more conducive to business operations. The IFC cites Ghana, Uganda, Ethiopia, Tanzania, and Zimbabwe as examples of countries that are adopting improved policies.

2.1.1 Policy Constraints

Two studies give insight into what firms perceive as the main policy constraints, one undertaken under the MAPS, the other more recently completed by a World Bank study focused on agribusiness. J.E. Austin Associates, Inc. summarized survey data gathered under MAPS activities in 13 Sub-Saharan countries for a review of policy constraints affecting small businesses and micro enterprises (J. E. Austin, April 1994). Agriculture and agribusiness accounted for 23 percent of the more than 3,800 randomly-selected firms interviewed. The results of the summary included a list of "typical constraints to efficiency" for small businesses that are given below:

- **Government Policies:** A general finding of the survey was that small businesses indicated that government policies negatively affected the performance of their enterprises.

- **Taxes**: Tax policies were cited most frequently as having a negative impact on operations.

- **Financing:** They feel denied access to lending and are forced to rely on limited personal savings for working and investment capital.

- **Legal issues:** Imperfect enforcement of contracts render business transactions difficult in their countries.

- **Land and Property Issues:** Insecure land tenure and insecure use of business premises is a serious constraint to improved business performance.

- **Transportation and Distribution:** Problems with access to adequate transportation and the poor condition of transportation infrastructure (including roads, ports, and vehicles) were specifically cited as major constraints on their operations.

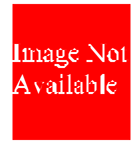
A recent study conducted by the World Bank, the Southern Africa Agribusiness Development Study, Vol. 2: Enterprise Survey Report, identifies the principal constraints to agribusiness development, as well as trends and issues affecting private sector investment and trade. The study focused on five countries (Malawi, Mozambique, South Africa, Zambia, and Zimbabwe), and surveyed firms for their perceptions of the agribusiness environment (in order to identify primary constraints to trade, investment, and agribusiness development overall). The major constraints cited in order of ranking (from most negative to least negative) are as follows:

- **Agricultural research/extension services:** There was a general recognition among agribusinesses that resources are lacking to effectively disseminate to producers the necessary technologies and agricultural practices.

- **Customs supervision/control:** Illegally imported products come into the market at a price that local producers and agro-processing firms cannot compete with, forcing some to go into importing and distribution in order to minimize risk, be cost competitive, and therefore stay in business.

- **Policy Consistency/Stability:** An unstable policy environment tends to limit the ability of firms to make strategic investment decisions. Uncertainty with respect to policies on foreign exchange, liberalization of import duties, fiscal reform, privatization, and land expropriation create a lack of confidence that affects business decisions.

- **Land Buying and Leasing Procedures:** Cumbersome procedures on land acquisition and leasing for new investments inhibits firms, especially in Mozambique and Zambia.



2.1.2 <u>The Policy Environment and Financial Intermediaries</u>

According to The Washington Service Center, Touche Ross, and Quick, Finan & Associates (1989), little attention has been paid to the importance of an *enabling tax environment for financial intermediation*. Economic policies and even business regulatory studies have been conducted for many years, but the financial repression resulting from unfavorable public finance and tax policies has been minimally addressed. Both implicit and explicit taxation inhibit financial intermediary growth and development. The Washington Service Center points to discriminatory treatment given to particular kinds of services, such as "Post Office" savings in Botswana, or in Zambia where favorable tax and interest treatment is given only to individuals and not to business depositors. Often this differentiation in treatment forces activity into the informal sector, depriving the formal financial sector of potential resources and clients to form a basis for growth. Reserve requirements, interest rate controls, usury ceilings and credit allocation schemes all are forms of implicit taxation. Transaction and turnover taxes are less useful than VATs and retail sales taxes in promoting financial intermediary expansion.

Positive country conditions are needed for financial intermediaries to emerge. Economic policies, the government's attitude towards the private sector, minimal government interference in institutions, and the movement towards market liberalization are important indicators of potential financial intermediary growth. In addition, skilled financial managers must either be available or attainable, and the ability to raise a pool of capital from different sources will be critical. (Leech, 1990). Financial market liberalization will not make up for limitations in other areas. If the infrastructure of a country is poorly developed, and if the human resource capital is underdeveloped, the availability of financial resources cannot alone bridge the gap.

2.1.3 <u>Other Sources of Information on Enabling Environment Constraints</u>

RA studies conducted under AMIS I & II address the issue of operational constraints that affect the performance of small and medium scale businesses. (Appendix 2 shows the SAF countries where AMIS I conducted rapid appraisals). In particular, a recent study under AMIS II, <u>Innovative Approaches to Agribusiness Development in Sub-Saharan Africa,</u> looks at how donor projects in Africa have attempted to help agribusiness firms overcome constraints in the areas of SME development, financial services, association development, and non-traditional agricultural export development.

Much of the work conducted under PEDS (but outside of MAPS) is relevant, in particular, SRI's <u>Commercial Policy Assessment of the Southern Africa Region</u>, which scored all the Southern

Country Scores by Category

Country	Import	Export	Tax	Invest-ment	FDI	Start-Up	Pricing	FX	Labor	Total
Zambia	12	6	8	8	4	4	12	16	2	72
Malawi	8	6	12	8	8	6	6	12	4	70
Tanzania	8	6	12	8	8	4	6	12	6	70
Namibia	4	8	4	8	8	6	9	12	8	67
Botswana	4	6	8	6	6	8	9	12	6	65
Lesotho	4	6	8	6	8	6	9	12	6	65
S.Africa	4	6	4	6	6	8	12	12	6	64
Zimbabwe	16	6	4	6	4	4	6	8	6	60
Swaziland	4	6	4	8	6	4	9	12	4	57
Mozambique	4	6	4	8	6	0	9	12	4	53
Angola	8	2	8	4	4	0	3	8	4	41
Average	6.9	5.8	6.9	6.9	6.2	4.5	8.2	11.6	5.1	62.2

Source: SRI International, *Commercial Policy Model Application: Southern Africa*, Coopers and Lybrand, under PEDS II Project for USAID, June 1995.

African countries in different policy categories (import, export and tax policy, investment incentives, foreign direct investment rules, business start-up, pricing, foreign exchange and labor policy). The results were that countries did not vary significantly in their respective policies on export regulations and taxation, investment, and labor (and the scores were average). But there were large differences in scores in the areas of import regulations and taxation, and pricing, which contributed to Malawi and Tanzania taking second and third place in overall rankings. Zambia had the highest score and Angola by far the lowest (11th place). In order of ranking for fourth place to tenth place were Namibia, Botswana, Lesotho, South Africa, Zimbabwe, Swaziland, and Mozambique.

2.1.4 Infrastructure Policy Issues and Reforms

A recent World Bank report (Heggie, 1991) discusses Bank experience and lessons learned in the transport sector, drawing on 10 case studies (including Ethiopia, Mali, and Senegal) and desk studies in 16 countries. There were five general lessons learned from this review:

- The Bank was most successful when it provided advice and supported transport reforms in areas the country has already identified as important, and was least successful when significant political and organizational issues were involved.

- It was more effective to deal with one single agency. When more than one agency was involved, there would be more resistance to acceptance of transport policy changes.

- Policy reforms were often ill-advised, and not relevant to or practical for the specific needs of the country. Proposed reforms did not calculate likely benefits and costs and provide for the actual implementation of reforms (decision process, timetable, and supportive actions).
- Transport policy reforms take time and cannot easily be completed within the schedule specified in Bank operations. For example, deregulation of road transport takes more than ten years.

- Structural adjustment loans with transport components were not effective for implementing sector-specific reforms, except when targeted to political and organizational constraints.

Transportation Policies in Need of Reform

- **Vehicle overloading**: Penalties for overloading vehicles (which breaks down roads) and not complying with technical & safety specifications are not adequately enforced. Enforcement agents pocket the proceeds (unearned rents).

- **Intraregional Trade Policy**: Interregional movement restrictions on transport of key staple commodities (e.g., the Government of Kenya has required movement permits signed by the cereals board and district officer to move more than 2, 10, 44 and 88 bags of maize across district lines, depending on the export).

- **Underinvestment in Road Maintenance**: There is a greater emphasis on new road construction than on road maintenance. As a result, road quality deteriorates to the point where costly, major rehabilitation is required. Inadequate level of road user charges underfunds maintenance. (see Newbery et al.).

2.1.5 Public Support Institutions

A number of public institutions influence the private sector's ability to function efficiently. The judicial system may pose serious impediments to private sector if contract enforcement is not adequate or is biased, or if the commercial code is archaic or inhibiting of private sector interests. Complex and nontransparent bureaucracies in Ministries involved in business registration/licensing and other regulatory functions can mean costly delays and serious impediments to formal sector business development. In many cases the attitude of the government towards private sector entities provides unspoken authorization and an environment conducive to harassment by customs and other officials at borders, in markets, and in government offices. A governments can also be the purveyor of private sector incentives and special programs for developing private sector growth depending on its understanding of the economic role that a healthy private sector can play in the country.

2.2 Technical and Management Constraints

In response to technical and management constraints to agribusiness, donors typically provide long and short term technical assistance and training in-country, supplemented by outside training, either in the form of short courses, study tours, or longer-term degree programs. Recipients include both government officials involved in agribusiness and private sector entrepreneurs. Training and technical assistance to small and medium entrepreneurs has long accompanied credit programs, with occasional forays into management training not tied to lending operations. Most of the debate around credit facility assistance has centered on the issues of the sustainability of the lending institution, which, when burdened with technical assistance costs, often sustains expenses unrecoverable through interest rate spreads and service fees. In this research, few sources of information were found that analyzed the need for and impact of the training provided (however, see Maxwell and Gordon, 1995 for discussion of an Academy for Educational Development program in Zimbabwe). The need for technical and managerial assistance appears to be generally agreed upon, although the nature and extent of the constraint was minimally addressed. The outstanding issue is clearly how to pay for technical assistance, and still have a self-sustaining financial intermediary.

Another type of assistance provided by donors, NGOs and government entities is direct technical and managerial assistance. The most prevalent examples of this are sponsored by USAID and include projects in Kenya (KEDS), Uganda (ANEEP/IDEA), Ghana (TIP), and Tanzania (TBC). Recently other donors have begin to provide direct assistance to firms to help overcome the most important technical and managerial constraints. Examples include the SEPSO project (Hans Siedel) in Kenya and the LASER project (CDC) in Mwanza, Tanzania. Managers of these types of projects are an excellent source of information on the most prevalent operating constraints entrepreneurs face since they are actively and directly helping them to overcome same.

Managers of the more innovative financing (preferable rate debt or equity) projects are another source of this type of information. Examples here include the venture capital projects in Uganda, Ghana, Zimbabwe and Tanzania and preferable debt projects such as TDFL inTanzania and the Agricultural Development Corporation in Harare. All of these companies report that they have more funds to disperse than they have viable borrowers to utilize the financing. They have all made arrangements to form technical and managerial advisory entities that will assist potential clients to do feasibility studies and prepare financing applications as well as assist them after the financing has been provided. This is the only way they can increase the number of viable applications: to review and help assure repayment or increasing share values after the financing has been provided. Again, talking to the managers of these entities or the groups they have formed to provide managerial and technical support, the result is very good, real world input into priority operating constraints. Many clients of the above entities are agribusiness firms.

In the last few years, donors have understood the importance of targeting assistance to private sector enterprises, in some cases in support of credit-oriented programs. In recognition of the problems that small and medium scale enterprises face once they receive private financing (sometimes with help from APDF), the IFC in 1995 set up a pilot program, the Enterprise Support Service for Africa (ESSA). ESSA provides technical assistance to small and medium businesses *after* they secure financing, including production, marketing, management information systems, and administrative assistance and guidance. The pilot program began operations in Ghana in 1995, planned as a three-year trial activity. ESSA will initially operate through donor funding, but will aim to cover a significant part of its costs through fee income.

2.2.1 <u>Lack of Management Training</u>

Management training attempts to reduce identified high priority technical and managerial constraints by redressing:

1) Managers' lack of enough basic knowledge of the firm's financial and managerial health or the strength of the firm's place in the market to be able to apply for loans.

2) Lack of bookkeeping/accounting skills that (a) do not allow an entrepreneur to understand the health or productivity of the enterprise, and (b) constrain a business person's ability to apply for formal credit, attract investors, or know how/when expansion is appropriate.

3) Lack of an "entrepreneurial" mindset (i.e. planning, objectives, understanding of competition, risk-taking, ambitions for growth and expansion, aggressive marketing behaviors), that sometimes characterizes entrepreneurs who have been thrust into a business for lack of alternatives, particularly associated with micro-level enterprise start-ups.

4) Lack of managerial skills needed to run the day-to-day operations of a business, such as inventory control, planning, cost and quality control, personnel management, production management, procurement and billing procedures, payroll management, supervisory skills, etc.

Training of small and medium enterprise managers was conducted in a number of countries, with mixed results. The results of a focused training program sponsored by USAID/Zambia for entrepreneurs showed very positive impact (Musona and Ngenda, 1995). A privatization project begun in Zambia in 1993 was complemented by a two year Cooperative Agreement with Clark Atlanta University, focusing on owners and managers of ISMEs. The evaluation of this program conducted at the end of the two years demonstrated that participants were using acquired management skills, which were attributable to the training programs, in their place of business. In addition, a positive impact on the capacity and performance of the firms was observed. A human resources development program in Tanzania also provided some insights into success factors for management training of private sector participants (Denakpo and Wollmering, 1995).

Other analyses indicate that in spite of the tendency on the part of entrepreneurs to cite the need for credit as the number one constraint in their business, many SME evaluators/advisors believe that business and technical advisory training is as much or more constraining (Bess et al, 1988). Client training should be needs driven; programs that have conducted training to meet quantitative benchmarks (versus needs driven) set by donors have witnessed declining usefulness in the training impact (Bess et al, 1988).

2.3 Guidelines for Identifying Managerial and Technical Assistance Constraints of Agribusinesses

Identifying constraints facing business managers can be accomplished in several ways.

1) **Conduct interviews with business managers** regarding the management skills inadequacies they experience with their employees. Business managers may also provide information about recognized weaknesses in their own skills during these interviews.

2) **Visits to local private consulting firms that provide training to private businesses** will provide information on the most frequently sought skills that people feel are important enough that they are willing to pay for them. Most countries have a few such companies, often focused largely on computer and accounting skills, but some providing management skills training. In countries where USAID has supported management training for government and private sector participants, some have begun their own consulting firms and even associations that are good sources of information on managerial needs as perceived by knowledgeable nationals. In some countries, the local Chamber of Commerce may also provide training and skills in such areas as computer skills, accounting, inventory control and can be tapped for information regarding the most sought after kinds of training. Some Chambers even have post-training evaluation programs that follow up on the usefulness and effectiveness of their training with the participants.

3) **Conduct Rapid Appraisals to identify managerial problems** of the firms being interviewed (Holtzman, 1993). A set of interview questions and observation techniques to get at this information is located in the referenced document.

4) **A review of business plans or financing applications** (both those granted and those rejected) may be made available to the research team by banks, NGO lenders, or other financial

intermediaries can give valuable information on areas of weakness in business skills (this information is generally considered proprietary, so loan officers/financial institution managers' authorization to review such documents must be aquired).

5) **Discussions with other organizations working in this sector**, such as APDF and AMSCo (a donor-supported firm with headquarters in the Netherlands that provides management assistance and management training to businesses) can provide valuable information about management skills and technical knowledge gaps existing in a country, particularly for medium and large-sized firms. Although such information may be focused on the larger end of the enterprise scale, it is likely that if problems exist at that level, many similar problems will exist at the smaller end of the enterprise scale, probably at much greater magnitudes.

6) **Conduct focus groups made up of agribusiness managers** (that can be brought together by financial intermediaries or other organizations working with the agribusiness sector; e.g., the local Chamber of Commerce or trade associations). The team can gather additional specific information, validate findings and prioritize technical and managerial gaps through this mechanism.

7) **Interview agribusiness and business chool professors and instructors** to identify gaps in managerial skills and training of which they are aware.

Section 3.0 Financial Market Constraints and Opportunities

The following discussion highlights issues and "lessons" culled from a range of documents. The clearest and most thoroughly documented discussions centered on micro, small and medium enterprise credit lending, generally through small, specialized NGO or credit/savings institutions. Years of focus and experimentation in this area, particularly by USAID-funded initiatives, have provided ample time for programs to succeed or fail, for successful and non-successful approaches to show results, be tested, modified, and tested again.

The experience and research conducted on financial mechanisms other than those listed above, such as venture capital, share markets, and traditional (i.e. commercial bank) debt lending, is much less thorough, both due to a small sample of actual financial intermediaries working in these areas, as well as the short history of many initiatives that does not yet provide adequate information on success, failure, and the probable causes of each. In all cases, however, this review showed that even in the more mature markets of the LDCs (and particularly Africa), there were often gaps for provision of financing to small and medium firms that hamper efficient growth and value-added development in an economy. While donor programs often provide some financing alternatives for micro and small enterprises, and informal credit or "round-about" group lending (such as tontines) provides resources for these enterprises as well, the medium-sized firm[3] is often outside of the lending range or the financial capacity of either of these alternatives. This "missing middle" category of firms brings proportionally greater benefits to local economies than micro enterprises and large firms (more jobs per unit of investment; greater social benefits; greater reinvestment, proportionally, of earnings in the local community; introduces a greater variety of new goods and services) (Gibson, 1995), and is therefore important to support. The venture capital programs reviewed that address this range (generally with an equity base of $200,000 to $1,000,000 and needing investment amounts within this range as well), although often only partially or not at all successful (see Section 3.4 below), bear further experimentation and modification based on a thorough review and application of lessons learned. Donor objectives were often related to broadening the financial market alternatives, helping to begin the process of improving finance availability and options.

There are special problems facing agribusinesses seeking financing. These are discussed below, in addition to the discussions relative to Indigenous Micro and Small Enterprise (IMSE) lending that cut across sectors.

3.1 Problems Facing Agribusinesses Seeking Financing

Agribusinesses throughout the world face special problems as they seek financing for expansion and modernization, or merely to support working capital needs. Below are the major issues that have recurred in the agribusiness financing sector (Holtzman et al, 1995):

1) **Certain types of credit for agribusinesses are unavailable.** From country to country, there is a wide divergence of financing tools available, but often the financing required that is specific to agribusinesses -- such as export financing of perishable goods -- does not exist, especially for IMSEs. Different lines of credit for different agribusiness needs -- working capital, medium-term credit, long-term credit, depending on the bank -- may be unavailable. Reasons for this are rural clients' lack of collateral and the challenges of valueing rural assets, evaluation of credit applications

---

Definitions of firm size continue to be inconsistent in the literature. In documents referring to the "micro, small and medium enterprise" sector, the definitions tend to limit size to under $50,000 in assets, with up to perhaps 50 employees. In literature that discusses venture capital companies, the formal banking sector, and share markets, however, terms referring to small and medium enterprises consist of companies from between $200,000 to $1,000,000 in equity capital. For purposes of this discussion, we will use the term "medium" for firms between $200,000 and $1,000,000 in equity capital, regardless of the number of employees.

for dispersed clients, problems with location of the lender vs. the busines location, and the generally conservative nature of many banks in providing facilities for agriculturally-based activities.

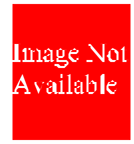
2) **Financial institutions are risk-averse, a conservative approach that does not provide solutions for agribusiness lending.** The agricultural sector, upon which agribusiness is based, is subject to exogenous factors such as weather and disease that are beyond the control of the individual business owner/manager. These natural events, combined with the often weak production, processing, marketing and management systems of many entrepreneurs, explain much of the reluctance of financial institutions to address the agribusiness finance market.

3) **Agribusinesses are particularly sensitive to weak or unexpected problems at different points in the market chain.** If a sudden tax on import of fertilizer is applied, the price, quantity and quality of product for the entire commodity chain is at risk. If the transport sector is without fuel or on strike, getting raw product to processor or processed goods to market may become impossible.

4) **Agribusinesses often need long-term capital investments, not the short-term capital most available in Africa.** Capital investments in agribusiness often take 5-7 years for the profitability or success of the investment to be proven (Holtzman et al, 1995). Not only does profitability vary from year to year, so that short-term analyses of investment success can be very misleading, but the product investment itself will take time to penetrate the market. There will be a lag in the supply response, due to the seasonal nature of agriculture.

3.2 Discussion and Guidelines for Debt Capital

IMSE lending is not conducted through the traditional banking sector. A variety of programs and pilot schemes have been tried for more than two decades, and numerous lessons and success stories have emerged. Recent attention has focused more on the sustainability of the financial intermediaries, and less on whether the funding they provide is adding value to the businesses they service. Within the range of organizations (generally non-governmental organizations [NGOs]) that work in this arena, the ability to cover management costs is highly varied, with most funds still needing some form of outside subsidy, although a number have reached almost total sustainability. Some of the lessons learned from experience in the micro- and small-lending sector are described below (Gurgand et al, 1994; Aryeetey et al, 1994; Maxwell et al, 1995; Silcox et al, 1995; Munyakho, 1994; Senghore, 1994).



1) **Group lending provides incentives for repayment in the absence of collateral.** A main reason IMSE entrepreneurs cannot access lending from traditional banks is their lack of collateral. Lenders to production agriculture may find the borrowers have difficulty in providing collateral under some schemes of land heredity, where land titles are not synonymous with land utilization. In many countries, land title is held by the state or communally. Often, other sources of collateral are minimal or nonexistent at the micro- and small-size firm. Group lending schemes provide peer and social pressure from other group members to repay loans, but this must be reinforced by the lender refusing to supply loans when one member has defaulted.

   Individual lending can be successful even at this level if creative alternatives to collateral are found such as third party guarantees, guaranteed access to future credit that puts pressure on borrowers to repay the first loan, "sweat" collateral (payback through labor), in-kind equity, convertible debt, a complete check of borrowers' references, and detailed knowledge of/confidence in the borrower by the lender. It should be noted, however, that some lending organizations prefer not to use the "guaranteed access to future credit" alternative, as they believe that it encourages the borrower to use credit unwisely or even if not needed, knowing that future loans can help pull them through any problems created by injudicious investing.

2) **Savings mobilization increases the efficiency of financial intermediation.** Contrary to popular belief, rural populations and urban poor *can* save. Developing programs that encourage savings, as well as lending operations, instills the confidence of users in the institution. Savings deposits provide future lending funds, and enhance the sustainability of the institution, as well as providing important financial benefits and flexibility to depositors.

   Low interest rates on savings do not appear to impede the incentive to save. Safety of the deposits is a significant concern in increasing the numbers of depositors and volume of deposits.

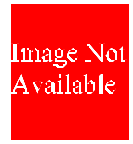
3) **Technical Assistance for borrowers.** Almost all micro and small lending institutions have found it necessary to provide some kind of technical assistance to borrowers, in the form of accounting assistance, business and marketing advice, business plan preparation, and business management advice before the loan is made, and during the loan repayment period. The screening process is also time-consuming due to lack of traditional collateral and credit history information. The need for this input is another reason that conventional banks have been unable to address the MSE sector; gathering credit information is expensive and requires special training of the lender's agents. For rural agribusiness lending programs, the cost can be high. However, the payoff and success of such programs clearly depends on the provision of technical assistance, both in terms of the well-

being of the business, and the repayment ratios that emerge. The main difficulty to providing T.A. to MSE borrowers is recovering the cost of these services.

4) **Interest rates must be flexible and market-driven.** Flexibility in interest rates is important in an inflationary, volatile economy. Donors and governments want to provide "cheap" assistance but require sustainable organizations; it is very difficult to achieve both, particularly in light of the technical assistance requirements mentioned above, and the costs of outreach to the target populations, especially in rural areas. The transaction costs of providing small and numerous loans to the MSE sector are very high. Even with high repayment rates, interest rate spreads must accommodate the management costs. Fortunately, level of interest rates does not appear to be as much of a concern to borrowers as having funds available; informal lenders often charge 30-60 percent, which is far beyond even the higher range of interest rates needed for an efficient organization. The critical factor is generally government caps and restrictions on interest rates, which must be investigated when developing a program. The sustainability of a lending program is based on the relationship of the spread between the cost of capital, the price of credit to the borrower, and the lending institution's transaction costs.

5) **IMSE lending institutions and staff must be especially trained.** Management information systems and follow-up by lenders are key to the success of micro and small lending schemes. Employees of lenders act as business consultants as well as loan officers. They must not only have training in accounting, but be able to train others in accounting; often in systems created for non-literate borrowers.

6) **Sustainability of the financial intermediary should be a main objective from inception.** Donor and technical assistance to the institution should be in the form of institution-building, not subsidized interest rates. Sound banking policies must be promoted, and the organization should be viewed as a credible financial institution, not as a "do-good" organization. This public perception and working style is also important for the borrowers, who will more easily make the transition to conventional banking and business environments if they are treated as business people, not as beneficiaries. Many donor-supported programs that have a history of forgiving bad loans, have seen reimbursement rates plummet as beneficiaries realize that the credit being supplied is more in the nature of a grant, than a professionally administered and aggressively managed loan program. (Holtzman et al, 1995)



7) **Public marketing of programs needed.** Several studies showed that most IMSE owners were often unaware of the financial assistance programs available. More attention needs to be paid to building public awareness and knowledge about financial alternatives, sources and requirements.

8) **Can conventional banks supply credit to the IMSE sector?** Some attempts have been made, but there is little track record to provide adequate evidence either way, with the exception of the BRI, described below, and the BSBC (see Maxwell & Gordon, Innovations, Volume V, 1995). Some guidelines for banks attempting to provide this service have been provided by Aryeetey et al (1994):

! To reduce small loan processing costs, banks should focus on working capital credit, not investment loans.

! Group lending techniques can be developed as an alternative to traditional collateral requirements needed for loans.

! Risk can be controlled through character-based lending to entrepreneurs with a good track record, and on-site post-loan monitoring.

! Banks need to develop alternatives to property as collateral, including the use of references (some have been mentioned above).

! Improvements in legal systems that enable enforcement of commercial contracts is a requirement for both banking and NGO lending organizations.

! Local branch bank officers need special training and incentives to undertake small scale lending and savings mobilization programs.

9) **Can micro- and small-lending intermediaries be completely self-sustaining?** Two success stories[4] of micro and small lending operations merit noting here. Both are 100 percent financially self-sustaining; neither is an NGO. It is also interesting to note that neither organization provides technical assistance or training to borrowers. The first, BancoSol in Bolivia, was established as a private financial institution, and has the highest return to shareholders within the local market, with

[4] As communicated by the GEMINI Project Manager for DAI, Joan Parker.

an average loan size of $500. The institution was established and is run by bankers. Their investment capital base is savings, because they have an extremely dynamic savings wing.

The second institution is the Bank Rakyet (BRI) in Indonesia. This is a *state-owned bank*, which had such a large amount of savings deposited (bank operations are located throughout Indonesia) that it decided to start lending to small and micro-enterprises. In 1995 it made 1.76 million loans. This program is so profitable that it is subsidizing the bank’s other windows.

The lessons drawn from these two examples are:

1) Savings programs provide cheaper capital for on-lending than other sources of capital, since depositors are not as interested in interest rates on savings deposits as they are in the security and accessibility of their funds;

2) Both programs are successful in part because of the extremely large scale of operations and large volume of loans (i.e. turnover); and

3) The spread in cost of money between savings deposits (interest to depositors) and credit outgo (interest on loans) must be large enough to make the credit program and its transaction costs profitable.

Other financial mechanisms that are used, and should be investigated as alternatives to institutional lending and equity schemes, may be particularly useful for agribusiness owners. Banks may not always be able to provide straight debt facilities for an entrepreneur, but other services should be available, such as advance against collection, refinancing letters of credit, identifying off-shore banks, inland letters of credit, and so on. Other financial market mechanisms available to borrowers are often little known or not very developed in Africa. Entrepreneurs may be completely unfamiliar with these mechanisms, which may in fact exist as alternatives, but which are unknown to many in the MSE sector. These include:

1) **Supplier's Credit**. Informal systems for supplier credit have been commonplace for centuries. More formal systems with input suppliers subject to a standardized contract or simple regulatory environment would enable buyers to use this mechanism, without entering into a usurious relationship.

2) **Equipment Leasing**. Systems such as leasing of equipment and cooperative use mechanisms may be available.

3) **Buyer's Credit (Letters of Credit)**. Few small and medium entrepreneurs are familiar with these concepts. L/Cs, basically used for export activities, can be modified for local use as well (inland letters of credit). This instrument would reduce seller working capital requirements. The key, once again, is to make this a more formal or standardized activity, as opposed to a relationship that is perceived as a favor and renegotiated each time there is a business interaction, instead of a viable financial mechanism.

4) **Overdraft Facilities**. Banks require incentives and assurances relative to overdraft facilities, but with a track record, this mechanism can be used as an alternative source of financing by an entrepreneur. Establishment of bank accounts by even the very small entrepreneur is thus essential for building a relationship with a bank; mobilizing savings is one way to encourage this process.

5) **Pre- and Post-Shipment Insurance**. Shipping insurance can be a major advantage in reducing risks perceived by commercial banks in lending. Some limited insurance is generally available through airlines and port facilities, but private insurors may provide alternative instruments. Off-shore or external insurance appears difficult and costly to the exporter, but private, local insurance may well justify its costs to an entrepreneur. (Nagarajan et al, 1994)

3.3 Commercial Bank Lending and Constraints

Commercial banks in Africa have long invested in government loans (T-bills), which has seriously limited the available funding for business investment. Movement by banks towards more market-oriented lending practices is hampered by macro policy distortions, interest rate structures, and little competition within the industry in most countries. A typical African country will have 3-4 banks, in essence, operating as a cartel. Paul Popiel (1994) cites three prerequisites for financial sector expansion in lending to the private sector in general, and the small and medium sector in particular:

1) **Bank lending to the private sector depends on the public sector.** If the government is insolvent, it cannot assist an insolvent banking system. Banks will be unable to lend to the small and medium sectors until their portfolio is healthy and funds are available for on-lending.

2) **Bank lending expansion depends on business climate strengthening.** If prudential regulation and enforcement of contractual laws and regulations is not strengthened, then banks will be unable to operate in a market environment.

3) **Banks must be subject to supervision**. Mechanisms and systems for early identification of institutions in trouble must be developed and used. Most countries in Africa have yet to develop or implement procedures to deal with banks in difficulties, and mechanisms to deal with non-performing assets**.**

3.4 <u>Venture Capital</u>

The literature showed mixed to little success in operating venture capital funds in Africa (Macy et al, 1994; Price Waterhouse, 1992; Fox, 1996). However, some of the causes of failure were linked to donor-related constraints, which does not necessarily mean that privately run equity capital mechanisms cannot work. The donors often developed the venture capital program in ways counter to successful funds operated elsewhere. A key element was the sequencing and emphasis placed on staffing and sourcing investment funds (Fox, 1996). Some of the problems related to donor structure and limitations were:

1) **Investment success timeframe.** Although many of the donor-sponsored projects were and are longer-term projects than is normally the case (some between 15-20 years), pressure typically begins building on project implementers to show results within 2-3 years. This timeframe does not correspond to typical private sector venture capital company (VCC) experience, which often requires 8-9 months to identify 1-2 investable activities (Macy, 1994), with one author stating that it would not be unusual in the private sector for review of an investable activity to take 18 months to identify, evaluate, and reach agreement on terms (Price Waterhouse, 1993). It then takes another 3-7 years (general target is 5 years) to divest or exit from the investment)only at that time can profitability be determined, and then only for that one investment. A portfolio of investments is needed to determine, over time, the sustainability and profitability of a VCC. The divestment time needed for agribusinesses is particularly lengthy, given the need for clear sustainable profitability to be demonstrated.

2) **Choosing the wrong implementer.** Where existing financial institutions were used, for example in Kenya, they generally did not have previous experience operating venture capital funds. In newly created organizations this was clearly a major problem (also in Kenya), in addition to other problems inherent in working with a start-up organization. A key element of a successful venture capital firm is the experience of its management team. The management team must know how to identify and evaluate potential investments, and work on an ongoing basis with the enterprise, skills significantly different from the skills required in a typical lending operation. Many of these managers were incapable of raising appropriate funding or managing the investees once identified.

3) **Predetermined structures and investment funding.** In a typical venture capital company in the U.S., the VCC management team organizes itself as a function of mutual interest and objectives, locates investment capital based on its interests and knowledge, and then locates the investments. Donor programs generally immediately worked on capitalizing the investment fund before a management team was even located. The sense of ownership and vestment in a fund's success, as well as the agreements and operating procedures laid down when investment capital has been attracted, were unable to occur given the typical project initiation and implementation process. (Fox, 1996)

4) **Excessive constraints on the implementer.** Donors often placed unrealistic benchmarks concerning number and size of investment (some of which exceeded the historic results of venture capital even in developed countries such as the U.S.). These benchmarks were often tied, as well, to donors' social or programmatic objectives such as targeting women, focusing on the agricultural sector, focusing on micro or small enterprises, etc.

5) **Implementation structure.** Project conception was occasionally found to be impracticable; for example, USAID/Ghana's inability to hold equity in businesses limited their ability to provide the Ghana Venture Capital Fund (GVCF) with equity capital (USAID/Ghana provided operational funds, while investment capital was raised from other sources). Because of the structure and complexity of implementing these donor projects, mainstream fund managers were unable to be located to manage them and attract private investment funds.

Other problems were encountered that relate to the environment in which equity capital programs were operating, particularly in Africa:

1) **Some programs found a serious lack of investable activities.** In a small economy such as that faced by most African nations, even if dealing in a regional market, investors have found few companies with investable ideas, at least in the short span of time these programs have been underway. According to Macy (1994) and Fox (1995), the number of creative ideas that do not face stiff competition or are adequately researched are few. Add to this the restrictions often placed on lending by the donor organizations (see above), and the number of investment opportunities becomes extremely limited (Leech, 1990). VCCs in Tanzania, Uganda and Zimbabwe are doing well in their early years (Maxwell and Gordon, 1995), and the GVCF has acquired a portfolio in which 50 percent of its assets--well-performing to date-- are privatized agribusiness parastatals (Holtzman et al, 1995). In countries where privatization is beginning or ongoing, the privatization phenomenon may provide a range of alternatives attractive to investors.

2) **Equity fundraising was difficult.** On one hand, indigenous venture capital investment is rare and undeveloped as an alternative. Not much appears to have been attempted targeting this source of equity capital. On the other hand, the lack of a track record both in venture capital activities and in financial intermediaries practicing equity investment has deterred foreign investors from providing equity capital to some VCCs (Nathanson et al, 1995). Foreign investors know little about African economies, markets and opportunities, and there is scarce data that can fill this gap (the little data existing is generally not reassuring). Price Waterhouse describes a series of disincentives facing foreign investors, based on its experience, as follows:

! The unsupported/undocumented case for investing in Africa (questions about the high cost of investing in a variety of countries with different languages, legal systems and generally depressed economies, 5000 miles distant from company headquarters, uncertainties about currency convertibility and ability to resell equity);

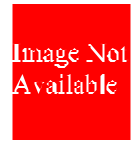
! Structural deterrents in the Fund's prospectus, particularly a highly leveraged capital structure that was a disincentive to a conventional investor because of the cumulative carrying cost of debt, and an earnings distribution formula that put equity investors last;

! General Partner's lack of an applicable track record in venture capital;

! A marketing approach that demonstrated the lack of a well-conceived, credible, focussed, professional effort.

3) **Entrepreneurs in most countries are reluctant to give up equity in their businesses.** Introducing a new financing concept takes years, and African entrepreneurs have little experience to date with equity partnerships beyond family or ethnic-based arrangements. Those venture capital firms operating in Africa report few entrepreneurs were willing to give up current management control (as they perceive it) and future profits by having to take on outside investors. The risks of utilizing too much debt versus establishing an equity base are not appreciated.

4) **Inadequate bookkeeping and documentation.** Along with the reluctance of entrepreneurs to give up company equity, most were reluctant to share "real" information about their businesses. The common practice of double bookkeeping, used to reduce government taxation, makes it extremely difficult for an investment fund manager to adequately understand a company's



profitability and growth pattern. In addition, bookkeeping/accounting skills are often minimal, particularly in the micro, small and medium firms that do not have easy access to bank credit.

5) **Management costs may not be recoverable, and thus, the venture capital firm may be unsustainable.** Concentration on smaller investments may be unfeasible, as well as limiting to investable opportunities. Between 2.5 and 5 percent annual management cost to total capital ratio is needed in the U.S.; the IFC showed annual cost to capital ratio in developing countries to range from 4 to 9 percent (Gibson, 1995). A company that is paying for expatriate managers (travel, high salaries) may not be sustainable after soft-funding from donor organizations terminates. A project in Kenya was unable to cover its management costs with projects smaller than $200,000, and then only because it functioned as a holding company, not an equity investment company (Macy, 1994). Macy believes that it takes a minimum of a per project investment of $500,000 for an VCC to cover its costs, although Gibson feels this can be reduced to $200,000 based on his experience in Eastern Europe. Minimum equity ownership, to give adequate leverage for management influence, is 30-40 percent.

6) **Exit mechanisms in Africa are limited.** A key to the success of equity funding is the profitable divestiture of the equity. In the U.S. and other developed financial markets, there are numerous ways in which the VCC can divest its equity: liquidate investment in a public offering, entrepreneur stock repurchase, or the sale of shares to another company. In Africa, where few stock markets exist or are sufficiently developed to function efficiently, few alternatives exist. Often, the only option available is the sale of the company to the management, creating little competition and theref ore little opportunity for value gains, when it is time to liquidate the investment (Macy, 1994; Fox, 1996; Leech, 1990).

3.4.1 <u>Guidelines for New Venture Capital Initiatives</u>

Obvious lessons and concerns can be drawn from the issues and problems described above. In addition, several positive experiences and successes deserve attention.

1) **When venture capital fund managers are partners from the beginning of the investment process, the value of venture capital to the business is understood by the firm's management.** A venture capital firm is not only a provider of funds, it typically provides other value-added input such as market knowledge, information about new technologies, management enhancement, and ongoing advice and guidance. While time-consuming, it is an integral part of the venture capital process (which is one reason why it is deadly to closely focus a VCC's objectives

prior to recruiting a fund manager; his/her interests and skill base must coincide or preferably direct the focus of the fund). Gibson (1995) reports that being an active partner as well as providing technical assistance and business support is a key element of the reportedly successful SEAF model (Eastern Europe). Early participation and interaction also provides the opportunity for "marketing" the equity idea, providing a new alternative to an entrepreneur who may be unfamiliar with the concept. An entrepreneur must be convinced that the long-term cost of giving up equity is offset by the value-added that comes with equity investment by venture capital companies.

2) **Use foreign venture capital management experts paired with local nationals who understand the environment, at least at first.** Since venture capital mechanisms have so little history in Africa, it is critical to find experienced fund managers who understand how this system works and who can train local financial experts to take over later. It is almost as important to have, on the investment fund team, local managers who not only understand business and finance, but who are also knowledgeable about local customs, business practices and the economic circumstances in which the investees are operating. Local investment managers then benefit by the training provided by working with knowledgeable expatriate investment managers, an imperative if the venture capital market is to grow in Africa (Nathanson et al, 1995; Gibson, 1995).

3) **Use of off-site investment staff can be costly and is of questionable effectiveness**. The literature is divided on this topic. Off-site investment staff (especially if located in the U.S.) clearly add to the expense of a VCC through travel and related communications costs that can be avoided when investment staff are on-site. In addition, their ability to understand the environment and the specifics of each venture without face-to-face, ongoing interaction is less than optimal. On the other hand, they provide needed liaison with the investment capital pool (e.g., in the U.S.), and their influence and ability to stay on top of new technologies and market information is much heightened by their developed country location. When making decisions regarding off-site investment management, the founders of the VCC should weigh the pros and cons relative to their specific situation with great care.

4) **Invest in a combination of debt and equity** (Nathanson et al, 1995; Gibson, 1995). The ability of the entrepreneur to maintain majority ownership may depend on this. Gibson says that debt is also an effective monitoring tool for the investment manager, as scheduled and regularly paid debt demonstrates the business' performance. Income from debt interest can also help cover management costs in an equity investment firm while waiting for the divestment portfolio to mature, particularly in the operation start-up period. Many local laws do not permit non-bank institutions to be straight lenders, but do allow for shareholder loans. Experience with the Africa Growth Fund

(Price Waterhouse, 1993) shows that paying some current returns through dividends, profit participation and debt is desirable.

This flexibility may be particularly important to agribusiness finance. Agribusinesses often have a variety of needs, from working capital, to short-term capital, to medium and long-term capital. The ability to provide a working capital loan along with a longer-term equity investment is a benefit of this mixed formula that agribusinesses clearly need.

5) **Donor support of an investment fund created capital investors where there may not have been any.** In several instances, investors appear to have agreed to invest funds because of OPIC or U.S. government involvement. In these instances, however, capital investment amounts were small, and the investors had little expectation of financial return, but believed that the experiment was worthwhile. (Macy, 1994; Price Waterhouse, 1993).

6) **Avoid investing in start-ups, and thoroughly pre-screen investments through a network of referrals**. A track record is needed to determine the ability of the entrepreneur and to provide adequate knowledge about the investment and the market to the VCC. Start-up operations are too high risk, and even more demanding of VCC staff time than an already established company. Identifying potential investable activities can be done through referrals. Given the advent of this new financing mechanism in Africa, public marketing of the program would potentially create many rejected applications. With many institutions already operating in almost every country (banks, NGOs, cooperatives, etc), referrals provide a ready-made source of somewhat prescreened applications. These may be businesses too large for funding through micro-lending schemes, or too small for traditional financing through banks (Gibson, 1995).

7) **VCCs must be able to concentrate on financial, commercial goals and growth rather than development goals.** Any financial intermediary, be they an NGO, commercial bank, micro/small lending institution, or VCC, must plan for self-sustainability. The only way in which this can work is for the intermediary to operate as a profit-making institution, not a development institution, at least when it comes to loan recovery, operating costs, and interest rates (target populations and the need for technical assistance are a different issue).

8) **VCCs may consider associating with a technical or management consulting service.** The ability to provide specialized assistance to businesses in the throes of expanding or diversifying may be critical to their successful use of venture capital funds. Recent information on the venture capital sector is scarce (Maxwell and Gordon, 1995), but as the firm's need of such technical assistance

in debt-funding situations has long been established, it is likely that it would be a useful input for venture capital investment, as well.

3.5 <u>Share Markets</u>

There are only eight share markets in Sub-Saharan Africa (as of 1994), providing very limited services, with the exception of South Africa, whose stock market is among the most sophisticated in the world. The next two largest in Sub-Saharan Africa, Nigeria and Zimbabwe, deal largely in government securities, although some expansion and diversification has occurred in the last few years. Some markets in other countries were created solely for the purpose of providing public offerings of privatizing government owned businesses, and have not experienced much activity outside of those actions. Others are of very recent vintage without much track record or activity overall.

Although the IFC is stressing the importance of share markets as an alternative to long-term investment resources provided through commercial banks (which in Sub-Saharan Africa generally provide only short-term lending anyway), and as a means of speeding up the development of financial markets overall, there is limited evidence to support their usefulness in private sector development. The debate is based on limited experience, particularly in Africa, and evidence from Asia appears to discount the influence of stock markets as investment mechanisms that have been successfully used by the private sector. In Asia, although rapid economic growth was experienced, the increase and expansion of stock markets have apparently had little to do with the growth of the private sector (Jefferis, 1994). In South Korea, for example, enterprises have relied almost entirely on debt finance for expansion. Aspects of stock market influence on agribusiness development and growth of financial markets serving agribusinesses are as follows:

1) **Increased competition and financial alternatives.** Ideally, share markets allocate finance and investment to more efficient investments, and provide competition to the traditional banking sector, which in Africa is often oligopolistic or government controlled, and not very efficient (Jefferis, 1994). Additional capital may be raised as a result of the institution of stock markets, but so far the evidence is slim.

2) **Foreign exchange gains from overseas investors.** This is clearly a benefit when a country is seeking a balance of payments equilibrium and when agribusiness export activities are weak. However, for countries concerned with "indigenizing," it can be a mixed blessing.

3) **Indigenization of ownership**. Opportunities for indigenization of business can be more easily accommodated, because transactions occur in the public forum.

4) **Provides alternative to offshore investment of savings.** Capital drain is a problem experienced in many countries, where investment alternatives have been limited. Providing local opportunities for investment is an important step in building a local economy and financial market.

5) **Assists privatization efforts.** Stock markets have been used and even created for the purpose of disposing of government equity in business.

6) **Promotes improved standards of financial reporting.** A key requirement is the standardized reporting of business information. The growth of a stock market will help provide impetus for more rigorous accounting standards in all countries.

7) **On the downside, a large tendency towards speculation as opposed to serious business development has emerged.** The increased volatility of some markets in several instances appears attributable to stock market speculation (and sometimes manipulation).

3.6 Guidelines for Selecting Viable Financial Intermediaries for IMSE Financing

There is a range of alternatives for addressing the financial needs of agribusiness firms, and many variations most likely exist in each Southern African country. Commercial banks, VCCs, NGO credit operations, donor-financed intermediaries, and organizations such as the IFC provide different clientele with financing options. Gaps still exist, in spite of the growth of the financial intermediary sector in developing countries, in services provided, size of client serviced by each organization (i.e. micro, small, medium or large), and ability of the institution to provide services based on the needs of their clients. Below are some criteria that should be considered when evaluating the availability of financial services for the agribusiness investor.

1) **Investment mechanisms and intermediaries lending to agribusinesses must have a range of services available.** Working capital, short-, medium- and long-term financing are imperative to supporting an agribusiness development program.

2) **Financial intermediaries should not be limited to providing financing to agribusinesses or the agricultural sector**. Financial intermediaries in Africa and other developing regions have enough difficulties in providing services without placing artificial restrictions on their lending or investing practices. Investment portfolios that cross a range of sectors perform an "arbitrage" function that can average out the problems faced by concentration on a purely agribusiness

portfolio may incur (e.g., if all agribusinesses undergo lack of inputs due to a country-wide drought period), with loans defaulting or needing to be rescheduled.

3) **Financial intermediaries who have experience in lending to agribusinesses or the agricultural sector may be preferred.** Clearly the exigencies of agri-based businesses are different enough from other businesses that experience with and understanding of the issues of perishability, seasonality, yearly changes in production and exogenous factors such as weather must inform investment managers' and lenders procedures and investment systems.

4) **Financial intermediaries should be structured and have a corporate culture that is leading towards, if not already attaining, self-sustainability.** This means that their rate structure must be as aggressive as possible, with constant attention to lean management and operational systems. The cost of technical assistance and the screening process for loans must be included in the transaction cost calculations.

5) **In venture capital companies, a portfolio should be sought that mixes short- and medium-term debt with equity investment.** Again, this is specifically useful for agribusinesses due to the kinds of operational needs they face.

6) **Financial intermediaries servicing agribusinesses must be innovative**. Institutions with rigid collateral requirements or minimal technical assistance to borrowers cannot meet the needs of agribusinesses.

There may be some merit in supporting, on a pilot basis, different approaches to lending that more closely meet the needs of the agribusiness industry. Holtzman et al (1995) suggest two ways to increase the share of credit and/or equity going to agribusinesses. They are:

1) Concentrate agribusiness financing on one commodity subsector chain. Loans could be provided to producers for input purchases, to collectors for buying the crop and transporting it, to processors, and to exporters. Choice of the subsector(s) to be targeted can be based on a comparative analysis of return on investment, with one or two subsectors that have the highest potential (as outlined in Section 1.0) being the focus of initial assistance. Concentrating on one or two subsector chains and would help ensure that progress made at one point of the chain is not undermined by problems at other parts of the chain.

2) Provide finance to a particular type of enterprise (typically MSEs) along with other services such as technical assistance in marketing, processing, export management, etc. The package of upgraded skills is thus integrated with the means to apply these new skills to the business. Generally, a lending or equity institution may not be able to provide both services, so collaboration among organizations may be required.


Image Not
Available

APPENDIX A

KEY AREAS OF INVESTIGATION IN RAPID RECONNAISSANCE OF FOOD SYSTEMS

Image Not Available

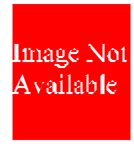


Image Not
Available

Image Not Available

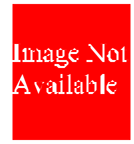
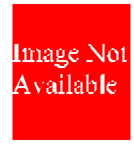


Image Not
Available

Image Not Available



APPENDIX B

CLASSIFICATION OF AMIS RAPID APPRAISALS


Image Not
Available

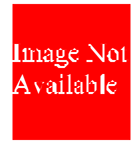


Image Not
Available


Image Not
Available

APPENDIX C

LIST OF DOCUMENTS SECURED FOR THE SAEDF PROJECT

Abbott, Richard D., Peter J. Clarke, Anthony T. Mushipe, Dr. P. Maramba. December 1995. ***"Zimbabwe Horticulture Sector Assessment and Analysis of Programming Options, Final Report".*** Abt Associates under AMIS II for USAID/Zimbabwe.

Abt Associates Inc. 1989. "***Agricultural Policy Analysis: A Manual for AID Agricultural and Rural Development Officers***". Also Robert Nathan Associates, Abel Daft & Early under APAP II, for USAID/PPC.

Adoum, Ousmane. February 1996. ***"Optimal Structures and Strategies for NTAE Support Entities: Secondary Research".*** Abt Associates, Inc. (Draft Report)

Africa Project Development Facility. December 31, 1992. ***"Report on Operations for the Twelve Months Ended December 31, 1992".***

Africa Project Development Facility. December 31, 1993. ***"Report on Operations for the Twelve Months Ended December 31, 1993".***

Africa Project Development Facility. December 31, 1994. ***"Report on Operations for the Twelve Months Ended December 31, 1994".***

African Farmers. January 1994. ***"Getting Cash into Rural Hands"***. A Quarterly Publication of The Hunger Project.

African Farmers. April 1994. ***"Unleashing the Power of Women Farmers".*** A Quarterly Publication of the Hunger Project.

African Development Bank. 1993.***"Economic Integration in Southern Africa".***

Amanor-Wilks, Dede. January 1994. ***"Zimbabwe's Maize Farmers Conquering the Market".*** African Farmers. A Quarterly Publication of The Hunger Project.

African Management Services Company (AMSCo), Brochure.

ARIES. August 1990. ***"Key Issues in Designing Microenterprise Programs"***. Sponsored by the United States Agency for International Development.

Aryeety, Ernest. Amoah Baah-Nuakoh, Tamara Duggleby, Hemamala Hettige, and William F. Steele. November 1994. ***"Findings: Small Enterprise Finance Under Liberalization in Ghana".*** World Bank, Africa Region. Number 26.

Bachma, Hans-Martin, Deborah Wetzel and Arvind Gupta. 1994. ***"Findings: Ghana Savers and Investors".*** World Bank. Africa Region. Number 38.

Bagachwa, Mobya S.D, Alexader H. Sarris and Platon Tinios. June 1993. ***"Small Scale Urban Enterprises in Tanzania".*** Cornell Food and Nutrition Policy Program.

Barghouti, Shawki, Lisa Garbus, and Dina Umali. 1992. ***"Trends in Agricultural Diversification: Regional Perspective".*** World Bank Technical Paper Number 180.

Baydas, Mayada M. Ohio State University, Columbus, U.S.A. Zakaria Bahloul, Principal Bank for Development and Agricultural Credit, Cairo, Egypt and Dale W. Adams, Ohio State University, Columbus, U.S.A. October 19, *1994.*___*"Informal Finance in Egypt: "Banks" Within Banks".***___ World Development. April 1995. Volume 23 Number 4.

Baydas Mayadas M., Richard L. Meyer and Nelson Aguilera-Alfred, Ohio State University, Columbus. February 16, 1994. ***"Discrimination Against Women in Formal Credit Markets: Reality or Rhetoric?".*** World Development. July 1994. Volume 22 Number 7.

Bearse, Peter J., PhD. Development Strategies Corporation. October 30, 1995. ***"Strategic Paper On Business Incubation Systems".*** Prepared for The United Nations Industrial Development Organization (UNIDO).

Bess, Michael, Richard Chiligulo, James Cotter, Isaac Kunje, Dick Maganga, Timothy Mooney, Victor Ndisale and Russel Webster. ARIES. September 1988. ***"An Evaluation of the Malawi Rural Enterprise and Agribusiness Development Institutions (READI) Project".*** Prepared for the U.S. Agency for International Development.

Boone, Peter, Hakande Hichilema, Robert Rauth, Dennis Smyth. November 1992. ***"Zambia Private Sector Assessment".*** *Coopers & Lybrand under PEDS II for USAID/Bureau for Private Enterprise and USAID/Zambia.*

Bouchard, Bruce E. Harvey and Company, Inc. March 19, 1993.***"Zambia Investment Fund: Prospect and Alternative Structure".*** U.S. Agency for International Development in Cooperation with the World Bank.

Bremer, Jennifer. May 1987. ***"The Policy Inventory: A Tool for Diagnosing Priorities for Analysis and Reform of Agricultural Sector Policies."*** Abt Associates under APAP, Staff Paper # 10, for USAID.

Brown, Donald, David Brown, Jeff Dorsey, Philip Warnken. May 1995. ***"Mozambique Private Sector Support Program Evaluation".*** Abt Associates, APAP III., No. 1006.

Brown, James G., with Deloitte & Touche. 1994. ***"Agroindustrial Investment and Operations".*** EDI development Studies.

Business International. February 1991. ***"Critical Issues for American Investors in Zimbabwe"*** The Agency for International Development.

CSIS/FLAD Endeavor for Growth and Investment in Angola. November 1995. **"Angola: A New Frontier"**

Chambers, Robert. Institute of Development Studies, Broghton, U.K. 1994. ***"Participation Rural Appraisal (PRA): Challenges, Potential and Paradigm".*** World Development. October 1994. Volume 22 Number 10.

Chaves, Rodrigo A., The World Bank, Washington, DC, U.S.A. and Claudio Gonzales-Vega, Ohio State University, Columbus. U.S.A. July 6, 1995. ***"The Design of Successful Rural Financial***

Intermediaries: Evidence from Indonesia". World Development. January 1996. Volume 24 Number 1.

Cobham, David and Peter Robson, University of St. Andrew Fife, Scotland. September 16, 1993. ***"Monetary Integration in Africa: A Deliberately European Perspective".*** World Development, March 1994. Volume 22 Number 3.

Cook, Andrew, Carlos . Cuevas, Douglas H. Graham. August 1990. ***"Trader Finance In Chad and Niger: Case Studies for Agricultural and Pastoral Products".*** The Ohio State University for USAID/AFR/SWA/SRO.

The Corporate Council on Africa. November 10, 1994. ***"Policy Recommendations to Improve Commercial Opportunities in Africa for the U.S. Private Sector".***

Crow, Ben, Stanford University, California and K.A.S. Murshid, Bangladesh Institute of Development Studies, Dhaka. 1994. ***"Economic Returns to Social Power: Merchants' Finance and Interlinkage in the Grain Markets of Bangladesh".*** World Development. July 1994. Volume 22 Number 7.

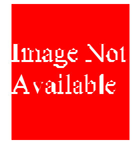
Daniels, Lisa and Yacob Fisseha, August 1992***."Micro and Small-Scale Enterprises in Botswana: Results of a Nationwide Survey".*** GEMINI Technical Reports No. 46.

Daniels, Lisa, Indiana State University, Donald C. Mead, Michigan State University, Muli Musinga, Kenya Rural Enterprise Program. September 1995. ***"Employment and Income in Micro and Small Enterprises in Kenya: Result of a 1995 Survey".*** GEMINI Technical Report No. 92.

Daveri, Francesco. Universita' di Brescia, Italy. February 27, 1995. ***"Costs of Entry and Exit from Financial Markets and Capital Flows to Developing Countries"***. World Development. August 1995. Volume 23 Number 8.

Denakpo, Larraine M., AMEX International, Inc. And Rita Wollmering, AFR\ONI\TPPI. AMEX International, Inc. Washington, D.C. June 1994. ***"Overview of Training Portfolio with Recommendations for Improving Training Management and Impact".*** Prepared for USAID/Tanzania.

Dia, Mamadou. August 1994. ***"Findings: Governance and Civil Service Reform, A Regional Program".*** The World Bank. Africa Region. Number 23.



Dun and Bradstreet. 1992. ***"Information Solutions for Business Decision-makers".***

Eccles, Peter W. Eccles Associates for Harvety & Company. August 17, ***1992. "To Assess Indefund's Local (Malawi) Capital Markets Raising Capabilities".*** Prepared for the USAID.

The Economist Intelligence Unit Limited 1995. ***"Angola, 4th Quarter 1995."*** EIU Country Report.

The Economist Intelligence Unit Limited 1995.***"Botswana, Lesotho 4th quarter 1995"***. EIU Country Report 4th quarter 1995.

The Economist Intelligence Unit Limited 1995. ***"Country Reports: Publications List".***

The Economist Intelligence Unit Limited 1995. ***"Madagascar, 3rd Quarter 1995".*** EIU Country Report.

The Economist Intelligence Unit Limited 1995. ***"Mozambique, Country Profile 1994-1995"***

The Economist Intelligence Unit Limited 1995. ***"Mozambique, 2nd Quarter 1995"*** E.I.U Country Report.

The Economist Intelligence Unit Limited 1995. ***"Mozambique, Malawi 4th Quarter 1995"***. EIU Country Report.

The Economist Intelligence Unit Limited 1995. ***"Namibia, Swaziland 4th Quarter 1995".*** EIU Country Report.

The Economist Intelligence Unit Limited 1994. ***"South Africa 1st Quarter 1994".*** EIU Country Report.

The Economist Intelligence Unit Limited 1995. ***"South Africa 3rd Quarter 1995"***. EIU Country Report.

The Economist Intelligence Unit Limited 1995. ***"Tanzania, Comoros 3rd Quarter 1995".*** EIU Country Report.

The Economist Intelligence Unit Limited 1995.***"Zambia, Zaire 4th Quarter 1995".*** EIU Country Report.

The Economist Intelligence Unit Limited 1995. ***"Zimbabwe, Country Profile 1994-1995".***

Image Not Available

The Economist Intelligence Unit Limited 1995. ***"Zimbabwe, 4th Quarter 1995".*** EIU Country Report.

Eicher, Carl K. Michigan State University, East Lansing, U.S.A. 1995. ***"Zimbabwe's Maize-Based Green Revolution: Preconditions for Replication".*** World Development. May 1995. Volume 23 Number 5.

Ernst & Young. October 1989. ***"Liberia: Small and Medium Enterprise Assessment"***. Prepared for: Special Project/Project Development Division USAID/Liberia.

Faber, Mike. Institute of Development Studies, Brighton, U.K. March 23, 1995. ***"Tea Estate Rehabilitation in Tanzania".*** World Development. August 1995. Volume 23 Number 8.

Fox, James W. 2/25/96. ***"The Venture Capital Mirage: An Assessment of USAID Experience with Equity Investment".*** U.S. Agency for International Development.

Gibson, Thomas C. September ***1995. "Equity and Venture Capital Financing for SMEs in Countries Under Transition".*** (Article).

Goetz, Anne Marie, Institute of Development Studies, Brighton, U.K. and Rina Sen Gupta, Dhaka, Bangladesh. July 6, *1995*. "***Who Takes the Credit? Gender, Power, and Control Over Loan Use in Rural Credit Programs in Bangladesh".*** World Development. January 1996. Volume 24 Number 1.

Grant, William. March 1993. ***"A Review of Donor-Funded Projects in Support of Micro-and Small-Scale Enterprises in West Africa: Case Studies".*** GEMINI Technical Report No. 54-b.

Gurgand, Marc, Glenn Pederson, Jacob Yaron. ***1994. "Outreach and Sustainability of Six Rural Finance Institutions in Sub-Saharan Africa".*** World Bank Discussion Paper # 248..

Hamilton, Nora and Carol Thompson. University of Southern California, Los Angeles. December 12, 1993. ***"Export Promotion in a Regional Context: Central America and Southern Africa".*** World Development. September 1994. Volume 22 Number 9.

Hansley, James F. Harvey & Company, Inc. January 7, 1992. ***"Presentation of the Applicability of the Small Business Investment Company Model for Southern Africa".*** Prepared for the USAID.

Harsch, Ernest. April 1994. ***"Africa Confronts the World Market".*** African Farmers. A Quarterly Publication of The Hunger Project.

Harsch, Ernest. April 1994. ***"Freeing Markets: What Gains for Small-Scale Farmers?"*** African Farmers. A Quarterly Publication of The Hunger Project.

Harvey & Company, Inc. November 1994. ***"Swaziland Diagnostic Study of Financial Markets".*** Prepared for The U.S. Agency for International Development-Swaziland.

Harvey & Company, Inc. November 1994. ***"Swaziland, Diagnostic Study of Financial Markets".*** Africa Venture Capital Project (AVCP). Prepared for U.S. Agency of International Development-Swaziland.

Harvey & Company, Inc. June 1992. ***"Implementation Plan for the Establishment of the Tanzanian Venture Capital Fund".*** Africa Venture Capital Project. Prepared for the U.S. Agency for International Development.

Haslach, Robert D. John C. Ickis, Kishore Rao, Dennis Smyth. March 1992. ***" Tanzania Private Sector Assessment".*** Coopers & Lybrand, PEDS II, for USAID/Bureau for Private Enterprise and USAID/Tanzania (MAPS).

Holtzman, John S. March 1993. ***"Assessing the AMIS Project Experience in Using Rapid Appraisal and Future RA Directions".*** Abt Associates Inc.

Holtzman, John S., Jim Maxwell, Jean Crouzet, and Dennis DeSantis. Draft December 1995. ***"Innovative Approaches to Agribusiness Development in Sub-Saharan Africa: Volume 4, West Africa".*** Abt Associates Inc. under AMIS II, for USAID/Bureau for Africa.

International Finance Corporation. (IFC). ***"Building the Private Sector in Africa".***

International Finance Corporation (IFC). ***"Business Advisory Services and Technical Assistance Programs".***

International Finance Corporation (IFC). ***"Annual Report 1995".***

International Finance Corporation (IFC). Third Quarter 1995. "***Quarterly Review of Emerging Stock Markets".*** Emerging Markets Data Base. Central Capital Markets Department.

International Finance Corporation. October 1994. ***"Successful Investments in Sub-Saharan Africa".*** OEU Findings.(Article)

International Finance Corporation Corporation and the World Bank. 1993. **" Summaries of Completed Projects: Fiscal Years 1992 and 1993".** FIAS

International Finance Corporation and the Multilateral Investment Guarantee Agency. January 1991. **"Policy Framework to attract Foreign Direct Investment in Sri Lank: Investment Policy Statement (1990)".** FIAS

Jaffee, Steven and John Morton, September 1994. ***"Africa's Agro-Entrepreneurs: Private Sector Processing and Marketing of High-Value Foods".*** The World Bank. AFTES Working Paper No.15.

Jaffee, Steven and John Morton. October 1995. ***"Findings: Promoting Private Agribusiness Activity in Sub-Saharan Africa".*** The World Bank. Africa Region, Number 50.

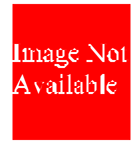
Jain, Pankaj S., Management Consultant, Indian Institute of Management, Vastrapur, Ahmedabad, India. July 6, *1995*. "***Managing Credit for the Rural Poor: Lessons from the Grameen Bank".*** World Development. January 1996. Volume 24 Number 1.

Jansen, Doris, Ian Hughes. June 1994. ***"Agricultural Diversification, Part I: Methodological Framework, Part II: Analysis of Diversification Options and Constraints".*** (Malawi).

Jefferis, Keith. University of Botswana, Gaborone, Botswana. October 19, *1994*. ***"The Botswana Share Market and Its Role in Financial and Economic Development".*** World Development. Volume 23 Number 4.

Johnson, Sonia R. June 1995. ***"Findings: Improving Financial Management in Sub-Saharan Africa".*** The World Bank. Africa Region. Number 41.

Kerr, John M. Winrock International, Patancheru, India. January 13, 1994. ***"Institutional Barriers to Policy Reform in Egypt: The Case of the Agricultural Machinery Industry".***
World Development. June 1994. Volume 22 Number 6.



Kostuch, M.J. and Nicholas Parker, SB Capital Corporation Ltd. March 1992. ***"Pre-feasibility Study, Zimbabwe Venture Capital Report"***. Prepared for USAID. Volume 1 of 3.

Krakoff, Charles. October 1992. ***"Policy Implementation Issues for Export Expansion and Investment Promotion in Sub-Saharan Africa".*** Abt Associates for USAID.

La Gra, Jerry. August 1990. ***"A Commodity Systems Assessment Methodology for Problems and Project Identification".*** Inter-American Institute for Cooperation on Agriculture, Post-Harvest Institute for Perishables, ASEAN Food Handling Bureau.

Levintow, David, Mark Ward and Francis Thomas. Checchi and Company Consulting, Inc. October, 1991.***"Mid-Term Evaluation of Africa Private Enterprise Fund Project (APEF)".*** Administered by Africa Bureau, AFR/MDI.

Leavens, Douglas L., and Gregory B. Boyd. July 1994. ***"The Role of Venture Capital in Financing Horticultural Exports".*** Paper presented at the conference: Financial and Marketing Strategies for African Exporters of Horticultural Products.

Lima, Teresa. April 1994. ***"Women's Co-Ops Spur Mozambican Farmer' Union".*** African Farmers. A Quarterly Publication of The Hunger Project.

Macy, Jr., Robert M., Socimer International Corporation, Ravi Ruparel, Deloitte & Touche. February 10, 1994. ***"Evaluation of the Kenya Trust for Private Enterprise Development Equity Capital Component".*** Prepared for: U.S. Agency for International Development, Nairobi, Kenya. Submitted by: Chemonics International, Washington, D.C.

Masters, William A. January 1995. ***"Guidelines on National Cooperative Advantage and Agricultural Trade".*** Purdue University for Abt Associates Inc. APAP III, #4001.

Maxwell, Jim and Richard Gordon.Abt Associates Inc, December 1995. ***"Innovative Approaches to Agribusiness Development in Sub-Saharan Africa".*** Prepared for United States Agency for International Development, Bureau of Africa. Southern Africa. Volume 5. Revised Draft.

Mead, Donald C., Michigan State University, East Lansing, USA. June 23, 1994. ***"The Contribution of Small Enterprises to Employment Growth in Southern and Eastern Africa".*** World Development. December 1994. Volume 22 Number 12.

Meyer, Richard L. and Douglas H. Graham. October 1991. ***"Developing Financial Markets in Sub-Saharan Africa".*** The Ohio State University.

Meyer, Richard L. And Geetha Nagarajan. Ohio State University. October 1995. ***"Financing and Marketing Horticultural Export in Uganda"***. Bureau of Africa, U.S. Agency for International Development.

Meyer-Stamer, Jorg. German Development Institute, Berlin, Germany. 1995. ***"Micro-Level Innovations and Competitiveness".*** World Development. January 1995. Volume 23 No. 1.

Morgan, Wyn, The University of Nottingham, U.K. and David Sapsford, University of Lancaster, U.K. 1994. ***"Commodities and Development: Some Issues"***. World Development. November 1994. Volume 22 Number 11.

Morissey, Oliver. University of Nottingham, U.K. 1994. ***"Political Commitment, Institutional Capacity and Tax Policy Reform in Tanzania".*** World Development. April 1995. Volume 23 Number 4.

Morrisson, Emmanuel. American Ambassy. September 1993. ***"The Agri-Technologies Market in Africa".*** Articles

Multi-Lateral Investment Guarantee Agency (MIGA) News, Volume 2, No. 4, Spring, 1993 and Volume 3, No. 1 Summer 1993.

Multi-Lateral Investment Guarantee Agency (MIGA) and Policy and Advisory Services (PAS), Brochure.

Munyakho, Dorothy. January 1994. ***"Rural Enterprise Struggle to Take Root in Kenya".*** African Farmers. A Quarterly Publication of The Hunger Project.

Musona, David T. And Gertrude Ngenda. M and N Associates Limited, Lusaka. September 15, *1995*.***"Human Resources Development"***. Prepared for: the United States Agency for International Development/Zambia.

Nagarajan, Geetha and Richard L. Meyer. The Ohio State University, Columbus, U.S.A. January 31, 1995. ***"Incorporating Finance Into a Modified Subsector Framework: The Fertilizer Subsector in the Gambia".*** World Development. July 1995. Volume 23 Number 7.

Nagarajan, Geetha, Richard L. Meyer, Douglas H. Graham and Korotoumo Ouattara. July 1994. ***"Financing Horticultural Exports in Sub-Saharan Africa".*** Paper presented at the Conference Financial and marketing Strategies for African Exporters of Horticultural Products.

Nathanson, Neal W., Elliot J. Berg, Mary Miller, Steve Warner, Maureen H. Berry, Michael Sipos, Barbara M. Wheeling, April 1995. ***"Program Evaluation of the Central and Eastern Europe Enterprise Funds".*** Submitted by Development Alternatives, Inc. For USAID/ENI/PCS/PAC.

National Trade Data Bank. August 1995. ***"Country Commercial Guide: Angola"***
U.S. Department of State.

National Trade Data Bank. August 1995. ***"Country Commercial Guide: Botswana"*** USDOC, International Trade Administration.

National Trade Data Bank. August 1995. ***"Country Commercial Guide: Lesotho".*** USDOC, International Trade Administration.

National Trade Data Bank. August 1995. ***"Country Commercial Guide: Madagascar".*** USDOC, International Trade Administration.

National Trade Data Bank. August 1995. ***"Country Commercial Guide: Malawi".*** USDOC, International Trade Administration.

National Trade Data Bank. August 1995. ***"Country Commercial Guide: Mozambique".*** USDOC, International Trade Administration.

National Trade Data Bank. August 1995. ***"Country Commercial Guide: Namibia".*** USDOC, International Trade Administration.

National Trade Data Bank. August 1995.*"Country Commercial Guide: South Africa"* U.S. Department of State.

National Trade Data Bank. August 1995. ***"Country Commercial Guide: Swaziland".*** USDOC, International Trade Administration.

National Trade Data Bank. August 1995. ***"Country Commercial Guide: Tanzania"***. USDOC, International Trade Administration.

National Trade Data Bank. August 1995. ***"Country Commercial Guide: Uganda".*** USDOC, International Trade Administration.

National Trade Data Bank. August 1995. ***"Country Commercial Guide: Zambia"***. USDOC, International Trade Administration.

National Trade Data Bank. August 1995. ***"Country Commercial Guide: Zimbabwe".*** USDOC, International Trade Administration.

Newman, Mark D. January 1990. ***"Promoting Agribusiness in Asia, Eastern Europe, The Near East, North Africa, and the South Pacific: A Strategy for AID's ANE Missions".*** Abt Associates Inc. under AMIS for USAID/ANE.

Padayachee, Vishnu. University of Durban-Westville, South Africa. July 15, 1994. ***"Foreign Capital and Economic Development in South Africa: Recent Trends and Postapartheid Prospects".*** World Development. February 1995. Volume 23 Number 2.

Page, John M. World Bank, Washington DC. 1994. ***"The East Asian Miracle: An Introduction".*** World Development. April 1994. Volume 22 Number 4.

PHH Fantus, ***"U.S. Economic Development Initiatives: Lessons for Attracting Foreign Direct Investment to Developing Countries".*** Pamphlet.

Price Waterhouse, April 16, 1992. ***"Evaluation of the Africa Growth Fund".*** Prepared for the Agency of International development, U.S. Department of State, Washington, D.C.

Price Waterhouse, 1994. ***"Doing Business in Botswana".*** Information Guide.

Price Wtaerhouse, 1994. ***"Doing Business in South Africa".*** Information Guide.

Price Waterhouse, 1984.***"Doing Business in Malawi".*** Information Guide.

Price Waterhouse. ***"Plant Location International: Inward Investment Services".*** Brochure.

"Private Sector Constraints Analysis: Annex B". *Author unknown. 1994. USAID/Uganda.*

Popiel, Paul A. 1994. ***"Financial Systems in Sub-Saharan Africa: A Comparative Study".*** World Bank Discussion Paper #260.

Putterman, Louis. Brown University, Providence, Rhode Island, U.S.A. June 24, 1994. ***"Economic Reform and Smallholder Agriculture in Tanzania: A Discussion of Recent Liberalization, Road Rehabilitation, and Technology Dissemination Efforts".*** World Development. February 1995. Volume 23 Number 2.

Rauth, Jr., Robert K. The service Group, Dennis m. Smyth, Coopers & Lybrand, LLP. September 1995.***"Opportunities for the SAEDF in Namibia".*** Prepared for U.S. Agency for International Development.

The Reference Group on Small Business Development and The World Bank. November 11, 1994. ***"Workshop on Small, Medium and Micro Enterprise Development and Financing: Framework for Providing Financial Services to Emerging Enterprises in South Africa".***

The Reference Group on Small Business Development and The World Bank. March 8, 1995. ***"Establishing A Financial APEX for Emerging Enterprises in South Africa".***

Riendinger, Jeffrey M., Michigan State University, East Lansing. September 23, 1993. ***"Innovation in Rural Finance: Indonesia's Badan Kredit Kecamatan Program".*** World Development. March 1994. Volume 22 Number 3.

Riley, Thyra A.1993. ***"South Africa: Characteristics of and Constraints Facing Black Businesses in South Africa: Survey Results".*** The World Bank. Discussion Paper.

Riordan, James T., Paul Ostenburg. 1982. "***Rural Development Planning Project: Planning Tools for the Identification and Selection of Projects for Regional Development, A Descriptive Manual***". Abt Associates for USAID.

Schiff, Maurice. The World Bank, Washington DC, U.S.A. 1995. ***"Commodity Exports and the Adding-Up Problem in LDCs: Trade, Investment and Lending Policy".*** World Development. April 1995. Volume 23 Number 4.

Senghore, Ismaila and Amie Bojang-Sissoho. April, 1994. ***"Women's 'Wisdom': Banking on Themselves".*** African Farmers. A Quarterly Publication of The Hunger Project..

The Service Group. October 1995. ***"Southern Africa Agribusiness Development Study".*** Submitted to The World Bank. Final Report.

Silcox, Stephen C., Anica Jansen, Mark Baugham. January 1994. ***" Strategic Options Paper for Malawi Small Enterprise Support Institutions".*** GEMINI Technical Report No. 65.

Smith II, Harlan M., Marshal University, Huntington, West Virginia and Margaret E. Luttrell, Occidental College, Los Angeles. October 2, 1993. ***"Cartels in an "Nth-Best" World: The Wholesale Foodstuff Trade in Ibadan, Nigeria"***. World Development. March 1994. Volume 22 Number 3.

Spurling, Daphne. November 1995. ***"Findings: Integrating Gender into Extension Services: Rural Women in the Sahel".*** The World Bank. Africa Region, Number 51.

SRI International. 1989. ***"Agricultural Policies for Liberalized World Trade: Developing Country Experiences, Lessons and Possible Reforms".*** for USAID/PPC.

SRI International. June 1995. ***"Commercial Policy Model Application: Southern Africa".*** Coopers & Lybrand PEDS II project, for USAID.

SRI International. October 1993. ***"Global Growth Through Global Competition: Linking Commercial Policies, Economic Performance, and USAID Assistance".*** Prepared for USAID/PRE/EM.

SRI International. January 1996.***"The Greater Horn of Africa Region".*** Prime Contractor: Coopers & Lybrand.

SRI International. 1991. '***Trade and Investment Project Guidebook***". Also Ernst and Young. USAID/Bureau for Asia and Private Enterprise.

Topouzis, Daphne. January 1994. ***"Young Ugandans Find There's Money in Farming".*** African Farmers. A Quarterly Publication.

Trail, Tom, Jim Roof, and Keith Wiebe. September 23, 1994. ***"Cooperative Agricultural and Agribusiness Support Project".*** Prepared for U.S. Agency for International Development/Uganda.

United Nations, 1993. "***African Socio-Economic Indicators 1993***". Economic Commission for Africa.

USAID. 1992. ***"Africa: Growth Renewed, Hope Rekindled: A Report on the Performance of the Development Fund for Africa, 1988-1992".***

The Washington Service Center and Quick, Finan & Associates. January 11, 1989. ***"Tax Policy Reform and Financial Intermediaries in Less Developed Countries".*** Prepared for the U.S. Agency for International Development.

Wittenberg, Tom. May 1990. ***"Literature Review for Africa Bureau Agricultural Marketing Strategy and Action Plan".*** Abt Associates Inc. under AMIS, for USAID/Africa Bureau.

Wortman, Miles. Consultant to Arthur Young. July 1989. ***"Mozambique: Foreign Investment Promotion"*** Bureau for Private Enterprise, U.S. Agency for International Development.

The World Bank, 1995. "***African Development Indicators 1994-95***". International Bank for Reconstruction and Development/The World Bank, and the United Nations Development Program.

The World Bank. December 1993. ***"Putting the Private Sector on Track".*** Africa Technical Department, Number 9.

The World Bank. September 1995. ***"Findings: Reducing Financial Constraints To Emerging Enterprises"*** Africa Technical Department, Number 48.

The World Bank. 1989. ***"Striking a Balance: The Environmental Challenge of Development".***

The World Bank Group. September 1991. ***"Application of Rapid Rural Appraisal".*** Training Division. Workshop Proceedings.

The World Development Report, 1986. The World Bank.

The World Development Report, 1987. The World Bank.

The World Development Report, 1988. The World Bank.

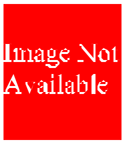
The World Development Report, 1989. The World Bank.

The World Development Report, 1990. The World Bank.

The World Development Report, 1992. The World Bank.

The World Development Report, 1993. The World Bank.

The World Development Report, 1995. The World Bank.



APPENDIX D

MAPS REPORTS

J.E. Austin Associates and Management Systems International. April 1991. ***"MAPS Private Sector Survey: Madagascar"*** Prepared for USAID/Madagascar. Final Report

J.E. Austin Associates. May 1991. ***"Madagascar MAPS: Private Sector Strategy".*** Prepared for USAID/Madagascar.

J.E. Austin Associates. April 1994. ***"Policy Constraints Affecting Small and Micro Enterprises: Summary from the MAPS Experience"***. Prepared for: AFR/ONI (MAPS)

J.E. Austin Associates. January 1991. ***"Black Private Enterprise Development Project: Strategy Assessment and Recommendations".*** U.S. Agency for International Development. (MAPS)

J.E. Austin Associates. November 1988. ***"MAPS : Manual for Action in the Private Sector".*** Arthur Young. (Draft Report). (MAPS)

Capricorn Africa Economic Associates. April 1989.***"A Description of the Private Sector in Swaziland: Report on MAPS Phase II"*** USAID Swaziland.

J.E. Austin Associates. December 1989. ***"MAPS: Ghana, Private Sector Strategy: Phase V".*** USAID/Ghana. Final Report.

J.E. Austin Associates. May 17, 1989. ***"Manual for Action in the Private Sector (MAPS): Summary Report of Phases I-V".*** Prepared for USAID/Swaziland. Draft.

J.E. Austin Associates. June 1989. ***"Manual for Action in the Private Sector (MAPS): Summary of Strategy Assessment".*** Prepared for USAID/Swaziland.

Labat-Anderson Incorporated. December 1988. ***"Swaziland MAPS Report-Phase I"***. AID Africa Bureau/USAID Swaziland.

Labat-Anderson Incorporated and J.E. Austin Associates. November 1, 1989. ***"Private Sector Description: Manual for Action in the Private Sector (MAPS), Lesotho, Final Report".*** USAID/Lesotho.

Labat-Anderson Incorporated. November 1, 1989. ***"Manual for Action in the Private Sector (MAPS): Lesotho".*** USAID/Lesotho.

Labat-Anderson Incorporated. November ***1989. "Lesotho MAPS Report-Phase I".*** USAID/Lesotho.

Labat Anderson Incorporated. July 1989. ***"MAPS Phase III. Privete-Sector Diagnosis, Lesotho".*** Prepared or USAID/Lesotho.

APPENDIX E

SELECTED REPORTS ON TRANSPORT

Anderson, G.W. and C.G. Vandervoort. 1982. *Rural Roads Evaluation Summary Report. A.I.D. Program Evaluation Report No. 5*. Washington, D.C.: USAID.

Heggie, Ian G. 1991. *Designing Major Policy Reform: Lessons from the Transport Sector*. World Bank Discussion Paper No. 115. Washington, D.C.: The World Bank.

Newberry, David M., Gordon A. Hughes, William D.O. Paterson, and Esra Bennathan. 1988. *Road Transport Taxation in Developing Countries*. World Bank Discussion Paper No. 26. Washington, D.C.: The World Bank.

United Nations. 1991. *Catalogue of Transport Studies, 1970-1990 (Unpublished Studies and Reports with Abstracts by Organizations of the United Nations System)*. New York, New York: United Nations.

Carapetis, S., H.L. Beenhakker, and J.D.F. Howe. 1984. *The Supply and Quality of Rural Transport Services in Developing Countries: A Comparative Review*. World Bank Staff Working Paper No. 654. Washington, D.C.: The World Bank.

Gaviria, Juan, Vishva Bindlish, and Uma Lele. 1989. *The Rural Road Question and Nigeria's Agricultural Development*. MADIA Discussion Paper No. 10. Washington, D.C.: The World Bank.

Holtzman, John, and Nicolas Kulibaba. 1992. *Livestock Marketing and Trade in the Central Corridor of West Africa*. Bethesda, Md.: Abt Associates

MacGaffey, Janet. 1991. *The Real Economy of Zaire: The Contribution of Smuggling and Other Unoffical Activities to National Wealth*. Philadelphia, Penn.: U. of Pennsylvania.

Levy, Hernan. 1988. *Transport Policy Issues in Sub-Saharan Africa*. Washington, D.C.: The World Bank.

Riverson, John D.N., and Steve Carapetis. 1991. *Intermediate Means of Transport in Sub-Saharan Africa*. World Bank Technical Paper No. 161. Washington, D.C.: The World Bank.

Riverson, John D.N., Juan Gaviria, and Sydney Thriscutt. 1991. *Rural Roads in Sub-Saharan Africa*. World Bank Technical Paper No. 141. Washington, D.C.: The World Bank.

World Bank, Africa Technical Department, Infrastructure Division. 1991. *Rural Transport and Agricultural Performance in SSA: 6 Country Case Studies*. Joint SSATP/MADIA Study (Prepared by Juan Gavira). Washington, D.C.: The World Bank.

World Bank, Africa Technical Department, Infrastructure Division. 1989. *Sahel Transport Corridors: The Case of Mali*. Report No. 7670-MLI (Confidential) Washington, D.C.: The World Bank.

World Bank, Africa Technical Department, Infrastructure Division. 1990. *Sahel Transport Corridors: The Case of Niger*. Report No. 8814-NIR (Confidential) Washington, D.C.: The World Bank.

World Bank, Africa Technical Department, Infrastructure Division. 1990. *Sahel Transport Corridors: The Case of Burkina Faso*. Report No. 8813-BUR (Confidential) Washington, D.C.: The World Bank.

World Bank, Africa Technical Department, Infrastructure Division. 1990. *Etude des Corridors Des Grands Lacs*. Washington, D.C.: The World Bank.

Conférence Maritime de l'Afrique de l'Ouests et du Centre (CMEAOC)/World Bank. 1992. *Table Ronde: Services Maritimes dans les Pays de l'Afrique de l'Ouest et de l'Afrique du Centre*. Tome II (Version Provisoire).